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MEMORANDUM

December 6, 1995

To: The Retirement Board

From: Clare M. Murphy
General Manager

Subject: **PROSPECTIVE RETIREMENT BOARD MEETING SCHEDULE AND TOPICS**

DATE	TIME	TENTATIVE TOPICS
01/09/96	12:30 p.m.	**Regular Meeting** Review of Shared Values and Behaviors Preliminary Budget Review for Fiscal Year 1996-97 Quarterly Report on Concepts and Status of the Automated Retirement System Decision Making Process Committee Report RFP for Deferred Compensation: Internal Control Audit and Investment Performance Assessment Actuarial Services Contract/Review Request for Proposals Report on Benefit Payment System - Electronic Funds Transfer Chief Investment Officer's Report
01/30/96	12:30 p.m.	**Regular Meeting** Review of Shared Values and Behaviors Strategic Plan Monthly Progress Review Unfinished Business Report Retirement System Travel Expense Report for the Period Ending December 31, 1995 Budget Adoption for Fiscal Year 1996-97 Chief Investment Officer's Report Proxy Review Comparative Analysis of Comparable Public and Private Pension Funds Annual Brokerage Report Investment Plan: Alternative Investments

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DATE	TIME	TENTATIVE TOPICS
02/13/96	12:30 p.m.	**Regular Meeting** Review of Shared Values and Behaviors Actuarial Presentations Chief Investment Officer's Report Proxy Review
02/27/96	12:30 p.m.	**Regular Meeting** Review of Shared Values and Behaviors Strategic Plan Monthly Progress Review Unfinished Business Report Review of the Statement of Economic Interest Decision on Selection of Actuarial Services Contract Chief Investment Officer's Report Quarterly Performance Review by Staff and Asset Strategy Consulting Staff Recommendation on Asset Allocation for the Quarter Ending April 30, 199x External Manager Presentations Small Cap Value RFP Short List
03/12/96		TO BE CANCELLED
03/15/96	8:30 a.m.	**Special Meeting** Strategic Planning Session
03/26/96	12:30 p.m.	**Regular Meeting** Review of Shared Values and Behaviors Strategic Plan Monthly Progress Review Unfinished Business Report Election of Officers Report on Strategic Planning Session Cost of Living Adjustment for Retirees Subject to Charter Section 8.526 to be Effective July 1, 199x Chief Investment Officer's Report Quarterly Report on Real Estate Performance for the Period Ended December 31, 199x Real Estate Manager Presentation Small Cap Value Presentations
04/09/96	12:30 p.m.	**Regular Meeting** Review of Shared Values and Behaviors Quarterly Report on Concept and Status of the Automated Retirement Systems Chief Investment Officer's Report

DATE	TIME	TENTATIVE TOPICS
04/30/96	12:30 p.m.	**Regular Meeting** Review of Shared Values and Behaviors Strategic Plan Monthly Progress Review Unfinished Business Report Chief Investment Officer's Report Emerging Markets RFP Start Process Small Cap Value Selection Global and Domestic Fixed Income Three Year Review Post Venture Recommendation

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TUESDAY, JANUARY 9, 1996

12:30 P.M.

Present:	Herb Meiberger	Vice President
	William Breall, M.D.	Commissioner
	Al Casciato	Commissioner
	Joseph D. Driscoll	Commissioner
	Patricia Martel	Commissioner
Absent:	Member of the Board of Supervisors	Supervisor
	Constance M. Hiatt	President
	Clare M. Murphy	General Manager Retirement System

MINUTES: Minutes of the Regular Meeting of December 12, 1995.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

Vice President Meiberger reviewed the Public Comment procedure for the attendees. No comments were made at this time.

REGULAR CALENDAR

1. REVIEW OF SHARED VALUES AND BEHAVIORS

   Clare Murphy, General Manager, reviewed the list of Shared Values and Behaviors with the Board.

   This is an information item only; no action was taken.

2. FINAL ANNUAL REPORT

   Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Driscoll suggested that next year that a list of all employees of the SFERS be listed with job titles.

   ACTION: It was moved by Casciato, seconded by Breall to adopt the final annual report; motion passed 5-0.

3. QUARTERLY REPORT ON CONCEPTS AND STATUS OF THE AUTOMATED RETIREMENT SYSTEM

   Linda Richards, Information Systems Manager, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Casciato expressed his concerns that the SFERS data center is at One Market Street in light of recent communication problems with the "911" system also located at One Market Street site. The Board was reassured that SFERS data

and communication links are state of the art and carefully secured.

This is an information item only; no action was taken.

4. REPORT ON BENEFIT PAYMENT SYSTEM - ELECTRONIC FUNDS TRANSFER

Linda Richards, Information Systems Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Electronic Funds Transfer implementation timeline will be the subject of future reports.

This is an information item only; no action was taken.

5. REQUEST TO CHANGE CONTRIBUTION RATE FROM FULL PRE-TAX TO REDUCED PRE-TAX

Maria Newport, Administrator, Retirement Services, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Martel to deny the member's request to change contribution rate from full pre-tax to reduced pre-tax; motion passed 5-0.

6. DRAFT REQUEST FOR PROPOSAL FOR DEFERRED COMPENSATION: INTERNAL CONTROL AUDIT

Clare Murphy, General Manager, and Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Driscoll recommended that the Controller be notified that the San Francisco Retirement System is seeking an audit of this type.

ACTION: It was moved by Casciato; seconded by Martel to approve the request for proposal for deferred compensation: internal control audit; motion passed 5-0.

7. DRAFT REQUEST FOR PROPOSAL FOR DEFERRED COMPENSATION: INVESTMENT PERFORMANCE ASSESSMENT

Clare Murphy, General Manager, and Kay Gulbengay, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Martel to approve the request for proposal for deferred compensation: investment performance assessment; motion passed 5-0.

8. DECISION MAKING PROCESS COMMITTEE REPORT

Clare Murphy, General Manager, and Carolyn Hamilton, Chief Investment Officer, presented a written and oral report on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. The Board requested that this study be set as a priority at the Strategic Planning meeting in March in order to review and develop an implementation plan. The Board expressed the need for specific recommendations and clarifications.

This is an information item only; no action was taken.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 12-95

2. DECISION OF HEARING OFFICER

a. Gary P. Blos
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation — Denied

b. Daniel J. Fraze
(Margaret M. Fraze - Widow)
H-2 Firefighter - Fire Department
Allowance - Death as a Result of Duty
Effective Date: February 21, 1994 Granted

c. James L Griffin
Q-50 Sergeant Police - Police Department
Industrial Disability Retirement/Stipulation
Effective Date: December 1, 1993 Granted

d. Joyce Rodgers
8238 Police Communication Dispatcher - Police Department
Ordinary Retirement Disability
Effective Date: December 1, 1994 Granted

e. William M. Shaughnessy
H-50 Assistant Chief - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: August 21, 1995 Granted

3. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Kerlyn L. Brown

b. Paul R. Click

c. George N. Hawthorne

d. Emma M. Johnson

e. Lynn Q. Maceren

4. REQUEST TO CANCEL THE MARCH 12, 1996 BOARD MEETING

5. REQUEST AUTHORIZATION FOR JOSEPH DRISCOLL, BOARD MEMBER, TO ATTEND THE CFA LEVEL III COURSE SPONSORED BY THE SECURITIES ANALYSTS SOCIETY OF SAN FRANCISCO TO BE HELD IN SAN FRANCISCO, CA ON JANUARY - MAY, 1996 (10-WEEK PERIOD)

6. REQUEST AUTHORIZATION FOR HERB MEIBERGER, BOARD MEMBER, TO ATTEND THE PENSIONS 2000'S THIRD ANNUAL ALTERNATIVE INVESTMENTS TO BE HELD IN TELLURIDE, CO ON JANUARY 19-25, 1996

7. REQUEST AUTHORIZATION FOR KIERAN MURPHY, ACTUARY, TO ATTEND THE ENROLLED ACTUARIES MEETING TO BE HELD IN WASHINGTON, D.C. ON MARCH 17-20, 1996

8. REQUEST AUTHORIZATION FOR CARL WILBERG, PORTFOLIO MANAGER, TO ATTEND THE EQUITY STYLE MANAGEMENT CONFERENCE TO BE HELD IN BOCA RATON, FL ON JANUARY 20-23, 1996

9. REQUEST AUTHORIZATION FOR CLARE MURPHY, GENERAL MANAGER, TO ATTEND THE COUNCIL OF INSTITUTIONAL INVESTORS ANNUAL SPRING MEETING TO BE HELD IN WASHINGTON, DC ON MARCH 30-APRIL 2, 1996

ACTION: It was moved by Driscoll, seconded by Martel to approve the Consent Calendar; motion passed 5-0.

GENERAL MANAGER'S REPORT

Clare Murphy, General Manager, reported on and reviewed the following items:

1. Ms. Murphy provided to the Board upcoming educational opportunities.

2. Reported that Member Services Division will be closed for a time for the installation of new work stations. The date is uncertain.

3. Updated the Board on the status of the 1996 Retirement Board Election.

4. Reported that the Membership Ordinance relating to physician and dental employees was finally passed by the Board of Supervisors.

ACTUARY'S REPORT

Kieran Murphy, Actuary, presented a written and oral report on the Cost of Living Increase for Retirees.

[Commissioner Martel left the meeting at this time.]

CITY ATTORNEY'S REPORT

No report was made.

INVESTMENT CALENDAR

1. CHIEF INVESTMENT OFFICER'S REPORT

   a. Proxy Votes

      There were no proxy votes.

   b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

      - RCM Capital Management has signed an agreement to become a subsidiary of the Dresdner Bank, the second largest bank in Germany.

      - Columbia Gas has emerged from bankruptcy and the Retirement System has received full payment plus additional compensation of its original $2.6 million commercial paper investment.

      - The Master Custody transition is on schedule. Final contracts are expected to be signed by the end of January with April 1, 1996, as the target date for the completed transfer of assets.

      - The assessment of Smaller Cap Value managers is in progress. Nearly 30 firms completed RFPs. Staff anticipates that finalist recommendations will be presented to the Board by the end of February.

      - Staff has requested that Capital International reserve sufficient shares for purchase in its Emerging Markets Growth Fund so that the Retirement System will meet its allocation objectives for emerging market stocks in 1996.

      - Bob Mast, the System's alternative asset consultant from Cambridge Associates, will be leaving the firm at the end of January. He will be replaced by Barbara Lynch.

      - Staff recommends to approve the request from the Florida State Pension Fund supporting the Council of Institutional Investors resolutions requesting that Archer-Daniel-Midland create a more independent Board of Directors.

        ACTION: It was moved by Casciato, seconded by Driscoll to approve staff recommendation; motion passed 4-0.

BOARD MEMBERS

Commissioner Meiberger requested the staff to review a letter from Bill Crist, CALPERS regarding an annual grant to the Institute for the Study of Pension Systems.

CLOSED SESSION

Pursuant to the Ralph M. Brown Act, Government Code Section 54950 et. seq., and the Sunshine Act, San Francisco Administrative Code Section 67.10, the Retirement Board met in closed session.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Subdivision (a) of Government Code Section 54956.9)

Application of Judith Hardiman vs. San Francisco Retirement Board,
AAA No. 74 127 01660 94

There being no further business, the Board adjourned its regular meeting in memory of Rosario Altura at 3:30 p.m.

Respectfully submitted,

Clare M. Murphy
General Manager

Note: A transcript was made of the regular meeting by Paul Schiller of Adams Reporting Services.

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TUESDAY, JANUARY 30, 1996

12:30 P.M.

Present:	Constance M. Hiatt	President
	Herb Meiberger	Vice President
	William Breall, M.D.	Commissioner
	Al Casciato	Commissioner
	Joseph D. Driscoll	Commissioner
	Patricia Martel	Commissioner

Absent: Member of the Board of Supervisors

Clare M. Murphy — General Manager, Retirement System

MINUTES: Minutes of the Regular Meeting of January 9, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Hiatt reviewed the Public Comment procedure for the attendees. No comments were made at this time.

REGULAR CALENDAR

1. REVIEW OF SHARED VALUES AND BEHAVIORS

   Clare Murphy, General Manager, reviewed the list of Shared Values and Behaviors with the Board.

   This is an information item only; no action was taken.

2. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

   Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

[Commissioner Casciato arrived at this time.]

3. UNFINISHED BUSINESS REPORT

   Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

4. RETIREMENT SYSTEM TRAVEL EXPENSE REPORT FOR THE PERIOD ENDING DECEMBER 31, 1995

Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

5. BUDGET ADOPTION FOR FISCAL YEAR 1996-97

Commissioner Driscoll, Chair of the Finance Committee, Clare Murphy, General Manager, Les Win, Chief Accountant, and division managers, as required, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Casciato to adopt the San Francisco Employees' Retirement System budget for fiscal year 1996-97; motion passed 6-0.

6. ACTUARIAL SERVICES CONTRACT/REVIEW REQUEST FOR PROPOSALS

Kieran Murphy, Actuary, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Breall to invite five firms: EFI Actuaries, Gabriel, Roeder, Smith & Co., William M. Mercer, Towers Perrin and Watson Wyatt to make their presentations to the Retirement Board at the February 13, 1996 Board meeting passed 6-0.

7. FUNDING OF THE INSTITUTE FOR THE STUDY OF PENSION SYSTEMS. IDENTIFICATION OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM'S REPRESENTATIVE

Clare Murphy, General Manager, presented a written and oral report on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Meiberger to continue to support the Institute for the Study of Pension Systems for the 1996-97 in the amount not to exceed $10,000 from directed commissions funds; motion passed 6-0. Designation of representative to the Institute for the Study of Pension Systems was continued to February 13,1996 meeting.

GENERAL MANAGER'S REPORT

Clare Murphy, General Manager, reported on and reviewed the following items:

1. 401(a)(17) Compensation Limits Legislation
2. Updated on 1996 Retirement Board Election
3. Updated on Pre-tax Buybacks
4. Commissioner's Membership in the Health Service System

ACTUARY'S REPORT

No report was made.

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. a. VOLUNTARY RETIREMENT BOARD LIST NO. 13-95

   b. VOLUNTARY RETIREMENT BOARD LIST NO. 14-95

2. REQUEST TO PURCHASE PART-TIME PRIOR SERVICE: Franklin Garret

3. DECISION OF HEARING OFFICER

a. Gunther Armbrust
1636 Billing Clerk II - Public Health/Laguna Honda Hospital
Ordinary Retirement Disability
Effective Date: January 25, 1995 — Granted

b. Robert J. Ericsson
7372 Stationary Engineer - Public Works
Ordinary Retirement Disability
Effective Date: April 1, 1995 — Granted

c. James B. Fex
H-10 Chief's Operator - Fire Department
Determination — Denied

d. Olivia Fiel
2302 Nursing Assistant - Public Health/Laguna Honda Hospital
Ordinary Retirement Disability
Effective Date: July 15, 1995 — Granted

e. Juanita M. Hall
2574 Clinical Psychologist - Public Health
Ordinary Retirement Disability
Effective Date: July 15, 1995 — Granted

f. Elvin Lester
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Retirement Disability
Effective Date: July 1, 1995 — Granted

g. Mary Mozeke
2302 Nursing Assistant - Public Health/Laguna Honda Hospital
Ordinary Retirement Disability
Effective Date: July 1, 1995 — Granted

h. Noel J. Murray
H-20 Lieutenant - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: January 3, 1995 — Granted

i. Dan Pennisi
H-2 Firefighter - Fire Department
Determination
Effective Date: November 16, 1989 to October 31, 1990 Granted

j. William Settles
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Retirement Disability
Effective Date: October 25, 1995 Granted

k. Phillip Sigillo
Deputy Sheriff - Sheriff's Department
PERS Granted

l. Anita J. Williams
2940 Child Welfare Worker - Social Services
Ordinary Retirement Disability
Effective Date: December 1, 1994 Granted

4. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Bernice Blasquez

b. Michael L. Castagnola

c. Rudy J. Castellanos

d. Etai Chen

e. Evelyn V. Dario

f. Lois O. Jones

g. Dennis P. McGuire

h. Peter I. Mondragon

i. Stephen E. Palmer

j. Terry R. Spray

k. Samuel R. Thomas

5. REQUEST FOR THE DESTRUCTION OF RECORDS: ART COMMISSION

6. REQUEST FOR AUTHORIZATION FOR BOARD MEMBERS AND STAFF TO ATTEND THE CALAPRS GENERAL ASSEMBLY TO BE HELD IN PALM SPRINGS, CA ON MARCH 10-11, 1996

7. REQUEST FOR AUTHORIZATION FOR BOARD MEMBERS AND STAFF TO ATTEND THE CALAPRS PUBLIC PLANS TAX COMPLIANCE SEMINAR TO BE HELD IN PALM SPRINGS ON MARCH 12, 1996

ACTION:

1. It was moved by Driscoll, seconded by Breall to approve the Consent Calendar except items 3c, 4f and 6; motion passed 6-0.

2. It was moved by Breall, seconded by Driscoll to remove item nos. 3c and 3i because it is not within Retirement Board's jurisdiction; motion passed 6-0.

3. Item 4f (Lois Jones - Hardship Withdrawal) was continued to February 13, 1996 pending further review and additional information.

4. It was moved by Casciato, seconded by Meiberger to approve item no. 6; motion passed 6-0.

INVESTMENT CALENDAR

1. MULTI-COMPANY PROXY ISSUE REPORT/CORPORATE GOVERNANCE AND SOCIAL POLICY ISSUES

Camille Nichols of ISS/CDA presented a written and oral report including 1995 Proxy Votes Summary on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION:	For	Against
Accept the proposed voting guidelines	**6**	**0**

2. COMPARATIVE ANALYSIS OF COMPARABLE PUBLIC AND PRIVATE PENSION FUNDS

Carolyn Hamilton, Chief Investment Officer, presented a written and oral report on the results of Asset Strategy Consulting's research which provides a comparison of SFERS with other large public and corporate pension funds.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

3. ANNUAL BROKERAGE REPORT

Carolyn Hamilton, Chief Investment Officer, presented a written and oral report on the total brokerage commissions generated by the Retirement Fund during calendar 1995.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

[Commissioner Martel left the meeting at this time.]

4. NET VS. GROSS ASSET VALUES AS METHODS OF MEASURING REAL ESTATE EXPOSURE

Gary Hiatt, Portfolio Manager, presented a written and oral report on the recommendation to adopt a general policy of using net asset values.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Meiberger requested that the item be put over until his attendance at a conference regarding this item.

ACTION: This item was tabled to February 13, 1996 meeting. Clare Murphy, General Manager, requested that the Board provide staff with questions and concerns to them as soon as possible in order to bring this item to Board on February 13, 1996 meeting.

5. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- The RFIs were sent to 12 Post Distribution managers.

BOARD MEMBERS

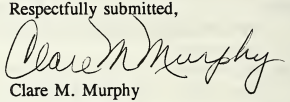
Commissioner Driscoll requested the staff to provide him the Proposal for Smaller Cap Value managers and Commissioner Driscoll reported on his recent attendance at the Capital Guardian Conference.

President Hiatt reported on her attendance at Institute for Fiduciary Education Winter Public Plans Conference.

The Board adjourned the meeting to reconvene on Tuesday, February 13, 1996 at 10:00 a.m.

There being no further business, the Board adjourned its regular meeting in memory of Yasuo Noguchi at 4:20 p.m.

Respectfully submitted,



Clare M. Murphy
General Manager

Note: A transcript was made of the regular meeting by Joanne Farrell of Adams Reporting Services.

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TUESDAY, FEBRUARY 13, 1996

ADJOURNED REGULAR MEETING
(Adjourned from January 30, 1996)
10:00 A.M.

REGULAR MEETING
12:30 P.M.

Present:	Constance M. Hiatt	President
	Herb Meiberger	Vice President
	William Breall, M.D.	Commissioner
	Al Casciato	Commissioner
	Joseph D. Driscoll	Commissioner
Absent:	Member of the Board of Supervisors	
	Patricia Martel	Commissioner
	Clare M. Murphy	General Manager Retirement System

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Hiatt reviewed the Public Comment procedure for the attendees. No comments were made at this time.

CLOSED SESSION

Pursuant to the Ralph M. Brown Act, Government Code Section 54950 et. seq., and the Sunshine Act, San Francisco Administrative Code Section 67.10, the Retirement Board met in closed session.

Dan Maguire, Deputy City Attorney, updated the Board on the pending disability retirement case of Edward Christenson which will be heard later on the calendar.

REGULAR CALENDAR

1. APPROVAL OF ADMINISTRATIVE LAW JUDGE DECISION: EDWARD CHRISTENSON

The Administrative Law Judge issued a proposed decision denying Edward Christenson's application for disability retirement. Yale Jones, attorney for Edward Christenson, and James Harrigan, attorney for the Sheriff's Office.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Meiberger to approve the administrative law judge decision; during discussion Commissioner Casciato arrived.

The motion was withdrawn. Commissioner Casciato requested the City Attorney to provide a copy of the Deputy Sheriff's Association MOU in order to review the Deputy Sheriff's position on this item.

It was moved by Casciato, seconded by Driscoll to table this item to February 27, 1996; motion passed 5-0.

2. REVIEW OF SHARED VALUES AND BEHAVIORS

Clare Murphy, General Manager, reviewed the list of Shared Values and Behaviors with the Board.

This is an information item only; no action was taken.

3. PROPOSED EDUCATION, TRAVEL AND DUE DILIGENCE POLICY

Clare Murphy, General Manager, and Dan Maguire, Deputy City Attorney, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Driscoll to approve the education, travel and due diligence policy; motion passed 5-0.

4. REQUEST FOR PETITION FOR REHEARING: HADIE REDD

Dan Maguire, Deputy City Attorney, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Driscoll to adopt staff recommendation to deny request for a petition for rehearing for Hadie Redd; motion passed 4-1 (Casciato).

5. SELECTION OF REPRESENTATIVE FOR THE INSTITUTE FOR THE STUDY OF PENSION SYSTEMS

Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Breall to select Commissioner Joseph Driscoll as the representative for the Institute for the Study of Pension Systems; motion passed 5-0.

GENERAL MANAGER'S REPORT

Clare Murphy, General Manager, reported on and reviewed the following items:

1. Ms. Murphy updated the Board on letters sent to San Francisco Police Department regarding Light Duty Policy with a follow-up letter to the new Chief Lau.

2. Reported on a memorandum from Mayor Brown regarding Orientation for members of Boards and Commissions to be held on February 24, 1996 from 9:30 a.m. to 12:30 p.m.

3. Provided new key personnel list.

4. Reported that Nancy Hoogendyke had sent a "thank you" to Board with a See's Candy Certificate. The Board members request that this certificate be shared with staff.

5. Provided the Board with a list of Educational Opportunities.

6. Reported to Board that 401(a)(17) Covered Compensation Ordinance was finally passed by Board of Supervisors and awaits Mayor's signature.

7. Reported to the Board on the 1996 Retirement Board Election Results with a breakdown of votes and ballot distribution.

8. Kay Gulbengay, Executive Assistant, reported on meetings with Hartford and SFERS staff to review performance standards and review various reports and summaries.

9. Ms. Murphy reported on her recent attendance at the RREEF Separate Account Conference.

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 15-95

2. APPLICATION FOR BIRTHDATE CORRECTION: Eduardo Castillo

3. DECISION OF HEARING OFFICER

a. Rosario V. Altura
1652 Senior Accountant - Retirement System
Ordinary Retirement Disability
Effective Date: December 20, 1995 — Granted

b. Robert B. Banchero
H-20 Lieutenant - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: January 7, 1995 — Granted

c. Patricia Cole
2320 Registered Nurse - Public Health/San Francisco General Hospital
Ordinary Retirement Disability
Effective Date: February 1, 1996 — Granted

d. Susan Hockey
1244 Senior Personnel Analyst - Human Resources Department
Ordinary Retirement Disability — Denied

e. Marvin W. Jones
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Retirement Disability
Effective Date: March 1, 1995 — Granted

f. Rodney D. King
Q-2 Police Officer - Police Department
Industrial Disability Retirement — Denied

g. Anita D. Meyer
2708 Custodian - San Francisco Unified School District
Ordinary Retirement Disability
Effective Date: May 20, 1994 — Granted

h. Ernest H. Taylor
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Retirement Disability — Denied

4. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Lois Jones

b. Bernne Wangara

c. Melvin L. Williams

5. REQUEST FOR A 10:00 A.M. STARTING TIME ON MARCH 26, 1996 BOARD MEETING

6. REQUEST FOR AUTHORIZATION FOR HERB MEIBERGER, BOARD MEMBER, TO ATTEND THE MANAGEMENT CIRCLE'S CONFERENCE ON HIRING AND FIRING INVESTMENT CONSULTANTS TO BE HELD IN DALLAS, TEXAS ON APRIL 27-29, 1996

7. REQUEST FOR AUTHORIZATION FOR RICHARD PIKET, PORTFOLIO MANAGER, TO ATTEND THE BRINSON PARTNERS GLOBAL PORTFOLIO MANAGEMENT CLIENT CONFERENCE TO BE HELD IN PEBBLE BEACH, CA ON MARCH 27-30, 1996

8. REQUEST FOR AUTHORIZATION FOR RICHARD PIKET, PORTFOLIO MANAGER, TO ATTEND THE NORTHERN TRUST CLIENT CONFERENCE TO BE HELD IN ORLANDO, FL ON APRIL 9-12, 1996

ACTION: 1. It was moved by Breall, seconded by Casciato to approve the Consent Calendar except item nos. 4a, 4c and amend #6 to indicate the amount for travel; motion passed 6-0.

2. Item 4f (Lois Jones - Hardship Withdrawal) was continued to February 27, 1996 pending further review and additional information.

3. It was moved by Breall, seconded by Casciato to approve item no. 4c as amended from $22,000 to $20,811; motion passed 5-0.

INVESTMENT CALENDAR

1. ANNUAL INVESTMENT PLAN: ALTERNATIVE INVESTMENTS

Gary Hiatt, Portfolio Manager, Barbara Lynch and Linda Lynch from Cambridge Associates, presented a written and oral report to the Board on this item. This investment plan described the projected investment activity for alternative investments for the calendar year 1996. It also reiterated the process used to select investments.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Meiberger to adopt the 1996 Alternative Investment Plans; motion passed 5-0.

2. NET VS. GROSS ASSET VALUES AS METHODS OF MEASURING REAL ESTATE EXPOSURE

Gary Hiatt, Portfolio Manager, and Terry Ahern of the Townsend Group, presented a written and oral report on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Casciato to use net asset values for calculating the System's investment in real estate, increased by the excess of any recourse loans over the liquidation value of properties securing those loans; motion passed 4-1 (Meiberger).

3. ASSET ALLOCATION FOR REAL ESTATE CALENDAR 1996

Gary Hiatt, Portfolio Manager, and Terry Ahern of the Townsend Group, presented a written and oral report on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Casciato to commit an additional $86 million for investment in real estate; motion passed 5-0.

4. APPROVAL OF MANAGER INVESTMENT PLANS - REAL ESTATE

Gary Hiatt, Portfolio Manager, and Terry Ahern of the Townsend Group, presented a written and oral report on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Breall to adopt Manager Real Estate Investment Plan committing $30 million in new equity to AMB Institutional Realty, $30 million in new equity to RREEF and $26 million to non-core real estate investments; motion passed 5-0.

5. 1996 BUDGET FOR COMMISSION RECAPTURE PROGRAM

Carolyn Hamilton, Chief Investment Officer, presented a written and oral report on the inaugural budget for the Commission Recapture Program.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Casciato to adopt staff recommendation; motion passed 5-0.

6. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- The position of 4331 Security Analyst - Qualitative was advertised and many requests for application have been received.
- Updated the Board on recent developments and organizational changes at Dunedin Fund Managers. Staff was authorized by the Board to take whatever steps may be necessary to protect plan assets.

ACTION: It was moved by Driscoll, seconded by Breall to freeze or move accounts held in the Dunedin Fund Managers account or to reallocate as required to the staff; motion passed 5-0.

BOARD MEMBERS

Commissioner Driscoll reported on a seminar regarding streamlining decision making presented by Watson Wyatt.

Commissioner Meiberger reported on his attendance at the Investment Management Institute Real Estate Investments for Pension Funds Conference in Phoenix, Arizona.

ACTUARY'S REPORT

Kieran Murphy, Actuary, reported on the benefit improvements for Tier II members.

ACTION: It was moved by Meiberger, seconded by Breall to recuse Constance Hiatt from the Actuarial Presentations due to a potential conflict of interest; motion passed 5-0.

6. ACTUARIAL PRESENTATIONS

Representatives from William M. Mercer, EFI Actuaries, Gabriel, Roeder, Smith & Co., Watson Wyatt and Towers Perrin, presented a written and oral report on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

There being no further business, the Board adjourned its regular meeting at 6:33 p.m.

Respectfully submitted,

Clare M. Murphy

Clare M. Murphy
General Manager

Note: A transcript was made of the regular meeting by Paul Schiller and Cristine Donahue of Adams Reporting Services.

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2/27/96

MINUTES

RETIREMENT BOARD
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1155 Market Street, Second Floor, San Francisco

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TUESDAY, FEBRUARY 27, 1996

12:30 P.M.

Present:	Constance M. Hiatt	President
	Herb Meiberger	Vice President
	William Breall, M.D.	Commissioner
	Al Casciato	Commissioner
	Joseph D. Driscoll	Commissioner
	Patricia Martel	Commissioner

Absent: Member of the Board of Supervisors

Clare M. Murphy — General Manager, Retirement System

MINUTES: Minutes of the Regular Meetings of January 30, 1996 and February 27, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Hiatt reviewed the Public Comment procedure for the attendees. No comments were made at this time.

REGULAR CALENDAR

1. REVIEW OF SHARED VALUES AND BEHAVIORS

Clare Murphy, General Manager, reviewed the list of Shared Values and Behaviors with the Board.

This is an information item only; no action was taken.

[Regular Calendar item nos. 3, 4 and 5 were heard before item no. 2]

3. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material.

This is an information item only; no action was taken.

4. UNFINISHED BUSINESS REPORT

Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. President Hiatt questioned the time for retaining of records and tapes of Retirement Board meetings. The City Attorney will review this item.

This is an information item only; no action was taken.

5. REVIEW OF THE STATEMENT OF ECONOMIC INTEREST

Dan Maguire, Deputy City Attorney, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

2. APPROVAL OF ADMINISTRATIVE LAW JUDGE DECISION: EDWARD CHRISTENSON

Dan Maguire, Deputy City Attorney, and Yale Jones, attorney for the applicant addressed the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. The Board requested City Attorney to review City-wide activities regarding light duty policies in the Police, Fire and Sheriff's Departments.

ACTION: It was moved by Breall, seconded by Casciato to disapprove the Administrative Law Judge decision to deny Edward Christenson's application for disability retirement; motion passed 6-0.

[Commissioner Martel arrived during this item.]

6. UPDATE ON COST STUDY OF FIDUCIARY INSURANCE FOR BOARD MEMBERS

Clare Murphy, General Manager, and Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. The Board requested staff to pursue with the Risk Manager alternative types of coverage, costs and to provide to the Risk Manager specifics, such as size of pension plan, number of members and other related information necessary in securing a premium quotation for possible purchase of fiduciary insurance.

Staff will bring back this item to the Board. This is an information item only; no action was taken.

7. RECOMMENDATION ON ACTUARIAL CONSULTING CONTRACT

Kieran Murphy, Actuary, presented a written and oral report on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: 1. It was moved by Meiberger, seconded by Casciato to hire EFI Actuaries, Inc. as SFERS Consulting Actuary with Robert McCory as Principal Actuary and Steve Itelson as Support Actuary for contract from April 1, 1996 to June 30, 1997; motion failed 3-3 (Breall, Hiatt and Martel)

2. It was moved by Breall, seconded by Casciato to contract with Towers Perrin from April 1, 1996 to June 30, 1997; motion passed 4-2 (Driscoll and Meiberger).

8. REQUEST TO RESCIND VESTING ELECTION: MICHAEL MORRISSEY

Maria Newport, Administrator, Retirement Services, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: 1. It was moved by Breall, seconded by Martel to accept staff's recommendation to deny request for Michael Morrissey to revoke his vesting election; motion failed 3-3 (Driscoll, Casciato and Meiberger).

2. It was moved by Driscoll, seconded by Martel to grant Michael Morrissey's request to revoke his vesting election with proper disclosure documentation, analysis of benefits, spousal consent forms and any necessary legal agreements for signature; motion passed 5-1 (Breall).

GENERAL MANAGER'S REPORT

Clare Murphy, General Manager, reported on and reviewed the following items:

1. Ms. Murphy informed the Board that the Mayor's Liaison will be Rebecca Prozan and the Mayor's Budget Analyst for SFERS is Mike Martin.

2. Reported that the Mayor had signed the 401(17)(a) Ordinance regarding Compensation Limits.

3. Provided the Board with a list of Request for Proposals for the Deferred Compensation Plan Investment Assessment Performance and Internal Controls Audit. President Hiatt selected Commissioner Driscoll and Commissioner Casciato to review investment performance assessments proposals. SFERS staff will review internal controls audit and report back to the Board on March 26, 1996.

4. Reported to the Board that ITT Hartford has increased interest rates as of February 12, 1996 to monies in the General Fund.

ACTUARY'S REPORT

Kieran Murphy, Actuary, updated the Board members on the issue of collective bargaining of retirement benefits. The Board reviewed and discussed questions of collective bargaining relating to retirement benefits and other states' policies.

Commissioner Casciato updated the Board and staff on pending Charter Amendments.

CITY ATTORNEY'S REPORT

Dan Maguire, Deputy City Attorney, updated the Board on pending litigation cases.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 16-95

2. DECISION OF HEARING OFFICER

   a. Ron R. Bonniest
   Deputy Sheriff - Sheriff's Department
   PERS — Granted

   b. Lloyd Crabtree, Jr.
   H-2 Firefighter - Fire Department
   Industrial Disability Retirement/Stipulation
   Effective Date: March 1, 1993 — Granted

c. Jerry Dixon
H-2 Firefighter - Fire Department
Industrial Disability Retirement
Effective Date: January 23, 1996 — Granted

d. Edward R. Fowlie
0380 Police Inspector - Police Department
Industrial Disability Retirement — Denied

e. Lloyd G. Kraal
7344 Carpenter - San Francisco Unified School District
Ordinary Retirement Disability — Denied

f. Cornelius P. Murphy
Chief - Police Department
Industrial Disability Retirement — Denied

g. Delmar A. Sanford
7326 Glazier - Public Works
Ordinary Retirement Disability/Stipulation — Denied

3. PETITION FOR REHEARING

a. Gary P. Blos
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation — Denied

b. James B. Fex
H-10 Chief's Operator - Fire Department
Determination — Denied

c. William F. Marweg
0380 Police Inspector - Police Department
Industrial Disability Retirement/Stipulation — Denied

4. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Antia LeLaind

b. Shirley A. Moore

c. Carolyn J. Moran

d. Geraldine D. Rosen

e. Lois Jones

5. RECORDING PROCEEDINGS OF SMALLER CAP VALUE PRESENTATIONS ON MARCH 26, 1996 BOARD MEETING

ACTION:

1. It was moved by Breall, seconded by Martel to approve the Consent Calendar except items 3c, 4e and 5; motion passed 6-0.

2. It was moved by Casciato, seconded by Meiberger not to accept item no. 3c - the hearing officer's decision regarding William F. Marweg's request for petition for a rehearing for industrial disability retirement with a letter being sent to the Police Department informing them of Retirement Board's decision in the Marweg case and request the Department to institutionalize the Duty Evaluation Committee and inform people applying for disability retirement that this committee is available to them; motion passed 6-0.

3. It was moved by Driscoll, seconded by Martel to approve item no. 4e - Lois Jones' hardship withdrawal request for funds from her Deferred Compensation Plan; motion passed 6-0.

4. It was moved by Casciato, seconded by Meiberger to remove item no. 5 from the Consent Calendar; motion passed 6-0.

INVESTMENT CALENDAR

1. PERFORMANCE REVIEW OF THE RETIREMENT FUND FOR THE PERIODS ENDED DECEMBER 31, 1995

Carolyn Hamilton, Chief Investment Officer, Richard Piket, Portfolio Manager, Carl Wilberg, Portfolio Manager, presented written and oral reports reviewing the performance of the Retirement Fund for the periods ended December 31, 1995. Staff reviewed written performance assessements prepared by Asset Strategy Consulting.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

2. STAFF RECOMMENDATION FOR THE ALLOCATION OF FUNDS FOR THE PERIOD ENDING MAY 31, 1996

Carolyn Hamilton, Chief Investment Officer, presented a written and oral report to the Board recommending specific allocations of income and assets to fund benefits and new

investments.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Martel to adopt the staff recommendation (see attached); motion passed 5-1 (Meiberger - due to small cap allocation).

3. SELECTION OF FINALISTS FOR SMALLER CAP MANAGER

Carl Wilberg, Portfolio Manager, and Mark Coleman, Security Analyst, presented a written and oral report on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Driscoll to approve the five finalists for the Smaller Cap Manager presentations: Crabbe Huson Group, Inc., Dimensional Fund Advisors, Dreyfus Trust Company, Pioneering Management Corporation and Rosenberg Institutional Equity Management; motion passed 4-1-1 (Meiberger opposed; Breall abstained).

4. EXTERNAL MANAGER PRESENTATIONS: MCCULLOUGH, ANDREWS AND CAPPIELLO AND OECHSLE INTERNATIONAL

Representatives from McCullough, Andrews & Cappiello and Oechsle International presented a written and oral reports updating the Board on their current performance and investment strategies.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

[Commissioners Casciato and Martel left during this item.]

5. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Emerging Markets Debt: Carolyn Hamilton, Chief Investment Officer, and Richard Piket, Portfolio Manager, discussed the asset category of Emerging Market Debt and stated that it would be included in the Three Year Fixed Income Review.

- Independent Studies of Growth and Value Indexation - Consideration of Alternatives: Several studies on value and growth were presented to the Board and briefly summarized. The Board and staff reviewed this item. Commissioner Meiberger stated that this did not satisfy his request as issues addressed in his description of the item were not discussed and will provide further information to staff for future consideration of this item.

- Latest Developments at Dunedin Fund Managers: The merger of Dunedin Fund Managers with Edinburgh Fund managers was discussed. Staff is currently assessing other International Small Cap Managers to compare them to Dunedin-Edinburgh.

BOARD MEMBERS

No report was made.

There being no further business, the Board adjourned its regular meeting at 6:40 p.m.

Respectfully submitted,

Clare M. Murphy
General Manager

Note: A transcript was made of the regular meeting by Jennifer Rodrigues of Adams Reporting Services.

City and County of San Francisco

San Francisco City and County Employees' Retirement System

TO: Members of the Retirement Board

FROM: Herb Meiberger
Commissioner

DATE: June 21, 1995

RE: Addition of Item to the Unfinished Business List:
"Independent Study of Efficacy of Growth & Value Indexation -- Consideration of Alternatives"

Asset Strategy Consulting has recommended substantive changes in the composition of the Fund's US equity portfolio. They believe that there are abnormal excess returns attributed to "value" stocks even though they have been shown to be less risky than "growth" stocks as indicated by the recent research of Fama and French. Further, in attributing the composition of the Fund's portfolio between growth and value, the consultant has provided a statistical analysis. The advantage of "value" stocks over "growth" stocks has been reflected in their expected return model; that is, value stocks have higher expected returns with lower risk.

Unfortunately, staff and the consultant have provided little supporting evidence for this position. There has not been any opposing viewpoints nor any other theories to the growth vs. value debate. The decision to move hundreds of millions of dollars in equities is based on this theory. It is prudent to thoroughly analyze the proposal and to provide other viewpoints before implementing such an important decision.

The weakness in the consultant's arguments in favor of value over growth are several:

1. A stock is classified as either a value or growth stock based solely on the ratio of its current stock price to its book value. If a stock's price is very high relative to its book value, then it is classified as a "growth" stock. If the stock price declines enough, then it is a "value" stock.

2. A stock is classified as a growth stock regardless of its expected growth in earnings. Growth in earnings is the intuitive determinant of a growth stock (to me, anyway). However, it is irrelevant in the approach recommended.

3. There are natural biases among industries. Companies with relatively few assets are biased towards being "growth" companies.

The growth vs. value analysis of the portfolio is based solely on "asset-based returns" only. This makes the process more arbitrary.

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RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

FRIDAY, MARCH 15, 1996

8:30 A.M.

Present:	Constance M. Hiatt	President
	William Breall, M.D.	Commissioner
	Al Casciato	Commissioner
	Joseph D. Driscoll	Commissioner
	Patricia Martel	Commissioner
	Herb Meiberger	Commissioner
Absent:	Member of the Board of Supervisors	Supervisor

Clare M. Murphy — General Manager, Retirement System

NOTE: **CHANGE OF VENUE:** KPMG PEAT MARWICK TRAINING CENTER
3 EMBARCADERO CENTER, 19TH FLOOR
SAN FRANCISCO, CA

RETIREMENT BOARD

SPECIAL MEETING

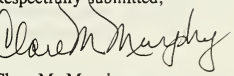
1. FACILITATED BOARD/STAFF STRATEGIC PLANNING SESSION

Marilyn Snider, Facilitator, and Michelle Snider, Recorder, conducted a facilitated Board/staff strategic planning meeting.

The Board and staff reviewed the mission statement, created a vision statement and revised the goals and objectives included in the strategic plan. Copies of the revised strategic plan will be presented to the Board for adoption at the March 26, 1996 Retirement Board meeting.

There being no further business, the Board adjourned its special meeting at 2:45 p.m.

Respectfully submitted,



Clare M. Murphy
General Manager

SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
BOARD/STAFF STRATEGIC PLANNING MEETING

March 15, 1996--KPMG Peat Marwick, San Francisco

Marilyn M. Snider, Facilitator--Snider and Associates (510) 531-2904
Michelle Snider, Recorder--Snider Education and Communication (510) 652-9169

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension Trust assets, administering mandated benefit programs, and providing promised benefits.

VISION STATEMENT

Within five years (2001), the San Francisco Employees Retirement System will:

* *ensure that all beneficiaries understand their benefits and have available online access to benefit information*
* *be creative, disciplined, focused, responsive and successful*
* *continue to be a reliable, innovative resource to the City, the employees and retirees on benefit issues*
* *continue to be well-funded through strong and prudent investment of contributions and plan assets*
* *provide a work environment where the employees individually and as a team are productive and appreciated*

THREE YEAR GOALS
(1994-1997)

IMPROVE COMMUNICATION

IMPROVE/STREAMLINE DECISION-MAKING

IMPROVE BENEFIT ADMINISTRATION

MAXIMIZE INVESTMENT PERFORMANCE PRUDENTLY

IMPLEMENT PROVISIONS OF THE PENSION PROTECTION ACT OF 1992

IMPROVE TEAMWORK AND TRUST

ONE YEAR OBJECTIVES FOR THREE YEAR GOALS
(3/96-3/31/97)

Three Year Goal: IMPROVE COMMUNICATION

Six-Month Objectives:

1. By July 31, 1996, the General Manager will publish professionally prepared Summary Plan Descriptions
   - -Draft prepared by June 30, 1996
   - -Drafts fully revised by December 31, 1996
   - -Copies published by March 31, 1997.

2. By December 31, 1996, the General Manager will set up a mechanism to share benefit information and report on the feasibility of a web page with
   - -benefit details
   - -questions and answers (including where to go for additional information)
   - -regularly, updated information.

Three Year Goal: IMPROVE/STREAMLINE DECISION-MAKING

Six-Month Objectives:

1. Ongoing, the Board President and General Manager will ensure that all projects and research issues, as a first step, will include appropriate decision points.

2. By September 30, 1996, Joe and Carolyn will arrange for a briefing and survey on decision-making processes (including roles and biases) utilized by similar-sized public and corporate retirement plans, endowments and foundations.

3. By December 31, 1996, the General Manager will hold a facilitated session for mid-level and junior-level departmental personnel to determine ways to streamline decision-making while maintaining agreed-upon standards of service.

Three Year Goal: IMPROVE BENEFIT ADMINISTRATION

Six-Month Objectives:

1. By September 30, 1996, Maria will ensure that operations staff will have accounted for and improved their productivity levels in light of acquired new technology.

2. By September 30, 1996, Maria and Kay will ensure that an improved phone system is installed and working effectively.

3. By September 30, 1996, Maria will ensure that 50% of the buy-back (pre-1983) project will be completed.

4. By March 31, 1997, Maria will ensure that 90% of the buyback (pre-1983) project will be completed.

Three Year Goal: MAXIMIZE INVESTMENT PERFORMANCE PRUDENTLY

Six-Month Objectives:

1. By December 31, 1996 and annually thereafter, the Board and Investment staff shall evaluate the asset allocation plan adopted and compare and evaluate its success and performance vis-a-vis appropriate benchmarks.

2. By March 31, 1997, the Investment staff will optimize programs that provide supplemental revenues (ie. securities, lending, commission recapture).

Three Year Goal: IMPLEMENT PROVISIONS OF THE PENSION PROTECTION ACT OF 1992

Six-Month Objectives:

1. By April 30, 1996, the Board will educate the Mayor's office about Prop 162.

2. By July 31, 1996, Committee chairs and staff will report to the Finance Committee re: new programs/projects that need to be in the budget for FY 97-98.

3. By August 31, 1996, the Board will obtain written opinions from outside counsel re: specific Prop 162 requirements/ramifications.

4. By December 31, 1996, the Finance Committee will establish outline/requirements for resource audit which will serve as a basis for budget under Prop 162 going forward.

Three Year Goal: IMPROVE TEAMWORK AND TRUST

Six-Month Objectives:

1. Beginning immediately, individual Board members and Senior staff will reinforce decision-making delegated to staff by not managing/micro-managing staff and staff will feel free to indicate if they think that micro-managing is occurring.

2. Before each Board meeting, Board members will raise concerns regarding the agenda with staff (lack of "heads up" and confrontation undermines trust).

3. By June 1, 1996, all Division Managers will share and discuss the strategic plan (goals, etc.) with all members of their staff to establish a sense of team involvement.

NEXT STEPS

WHEN	WHO	WHAT
3/22	Clare	have transcribed and distribute entire record of meeting
Within 48 hrs.	Board/ Staff	read the record
3/26	Board	Adopt the updated strategic plan
monthly	Gen Mgr & Cmte Chrs	Provide written update on the strategic plan with changes in bold letters; Board and staff will indicate at the meeting if they have questions or need direction
Quarterly	Board and	Verbally review progress and questions re:the

	staff	strategic plan
January, 1997 8:30-4:00	Board/ staff	evaluate progress on goals and objectives and set new three year goals and one year objectives

COMMITTEES

(indicates a committee that is being retained; all others are disbanded)**

3 Year Planning	****Benefit Administration**	****Communication**
****Finance**	****Personnel**	Decision-Making
Brainstorming		

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3/26/96

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1155 Market Street, Second Floor, San Francisco

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TUESDAY, MARCH 26, 1996

10:00 A.M.

Present:	Herb Meiberger	Vice President
	William Breall, M.D.	Commissioner
	Al Casciato	Commissioner
	Joseph D. Driscoll	Commissioner
	Patricia Martel	Commissioner
Absent:	Member of the Board of Supervisors	
	Constance M. Hiatt	President
	Clare M. Murphy	General Manager Retirement System

MINUTES: Minutes of the Regular Meeting of February 27, 1996 and Special Meeting of March 15, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

Vice President Meiberger reviewed the Public Comment procedure for the attendees. Gray Kennedy, Retirement Analyst and Local 790 Shop Steward, and Frank Del Campo of Local 790 addressed their concern regarding workload and staffing issues at the SFERS and its negative impact on services to members. The Board reviewed the issues with Ms. Kennedy and Mr. del Campo and informed them that many of the issues had been discussed at the Strategic Planning Meeting and steps are in place to address some of their concerns.

REGULAR CALENDAR

1. REVIEW OF SHARED VALUES AND BEHAVIORS

   Clare Murphy, General Manager, reviewed the list of Shared Values and Behaviors with the Board.

   This is an information item only; no action was taken.

[The rest of the calendar items were heard out of sequence.]

GENERAL MANAGER'S REPORT

Clare Murphy, General Manager, reported on and reviewed the following items:

1. Ms. Murphy reported on the collective bargaining issues which are now in progress.

2. Provided the Board with an update on Charter Amendment proposals regarding early retirement; nothing has been submitted.

3. Reported the Catastrophic Illness Program legislation which will be heard at the Board of Supervisors meeting on March 26, 1996.

4. Updated the Board on New Federal Legislation Regarding Elimination of Source Taxation on Non-Resident Pension Benefit.

5. Ms. Murphy informed the Board that she will be attending a one day conference on privatization to be held in Marina Del Rey, California on May 9, 1996.

6. Informed the Board that a copy of the Mayor's Boards and Commissions, "An Overview of the Laws and Rules for City Commissioners" is available.

7. Reported to the Board that the first Employee Incentive Award was given to John Piercey, a member of the Operations Division staff.

8. Provided the Board correspondence from ITT Hartford updating pending Deferred Compensation legislation.

ACTUARY'S REPORT

Kieran Murphy, Actuary, updated the Board members on retirees' COLA proposals and ongoing meetings with retirees and Clare Murphy, General Manager.

CITY ATTORNEY'S REPORT

No report was made.

INVESTMENT CALENDAR

6. CHIEF INVESTMENT OFFICER'S REPORT

   a. Proxy Votes

      There were no proxy votes.

   b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

      - Updated the Board on the quarterly asset allocation.

      - The contract for custodian services with the Northern Trust Company has been signed and the transition is going well for the starting date of April 1, 1996.

      - Reduction of Ark Asset's Fee: Due to the new manager guidelines which were recently signed, Ark Asset Management Company has lowered its fee schedule in order to comply with the "most favored nation" clause. Letters have been sent to other external managers requesting affirmation of this clause.

- Legal Opinion on Changing International Small Cap Manager: In accordance with the Deputy City Attorney's opinion, staff is developing a modified Request for Proposal which it is faxing immediately to prospective candidates and will present a list of finalists to the Board at the April 9, 1996 meeting with a tentative presentation at the Board meeting of April 30th.

- Oechsle's Performance: Core vs. Core-Plus: The Retirement System had switched to the slightly more aggressive Core-Plus management style in June, 1990 and resulted in the selection of Core-Plus. This style has outperformed the Core composite by 92 basis points since the change was made.

REGULAR CALENDAR
(Continuation)

7. FINANCE COMMITTEE REPORT

Commissioner Driscoll presented an oral report to the Board on the Retirement System's budget.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: This is an information item only; no action was taken.

2. UNFINISHED BUSINESS REPORT

Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: This is an information item only; no action was taken.

[Commissioner Casciato arrived during this item.]

3. REPORT ON STRATEGIC PLANNING SESSION AND ADOPTION OF STRATEGIC PLAN

Clare Murphy, General Manager, provided a record of the March 15, 1996 session.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Breall to adopt the record of the March 15, 1996 Strategic Planning Session except bullet point number 4 relating to investment vision statement. This matter will be reviewed and brought back to the Board; motion passed 4-0. (Commissioner Martel was not present for the vote.)

4. COST OF LIVING ADJUSTMENT FOR RETIREES SUBJECT TO CHARTER SECTION 8.526 TO BE EFFECTIVE JULY 1, 1996

Kieran Murphy, Actuary, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Breall to adopt staff recommendation; motion passed 4-0. (Commissioner Martel was not present for the vote.)

6. DEFERRED COMPENSATION: INTERNAL CONTROLS AUDIT SELECTION

Clare Murphy, General Manager, and Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Casciato to approve the selection of Deloitte & Touche, LLP to conduct the audit of the Internal Controls utilized by ITT Hartford in the implementation of the San Francisco Deferred Compensation Plan; motion passed 4-0. (Commissioner Martel was not present for the vote.)

8. OUTSIDE LEGAL COUNSEL LIST

Clare Murphy, General Manager, and Dan Maguire, Deputy City Attorney, presented a written and oral report on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Breall to adopt the outside counsel list; motion passed 4-0. (Commissioner Martel was not present for the vote.)

9. CANCELLATION AND RESCHEDULING OF FUTURE BOARD MEETINGS

Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Driscoll to cancel the May 28, 1996 and June 11, 1996 Board meetings and schedule a June 4, 1996 meeting; cancel the July 9, 1996 and July 30, 1996 meetings and schedule a July 16, 1996 meeting; all meetings to commence at 12:30 p.m.; motion passed 4-0. (Commissioner Martel was not present for the vote.)

10. PRE-TAX TREATMENT OF BUY BACKS

Clare Murphy, General Manager, and Kieran Murphy, Actuary presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Driscoll requested that before the August annual statements were distributed that a communication be placed in the Union newsletters notifying them of the ongoing process involved in lieu of pre-tax treatment of buy backs.

ACTION: It was moved by Casciato, seconded by Driscoll to adopt staff recommendation; motion passed 4-0. (Commissioner Martel was not present for the vote.)

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. a. VOLUNTARY RETIREMENT BOARD LIST NO. 17-95

   b. VOLUNTARY RETIREMENT BOARD LIST NO. 18-95

2. REQUEST TO PURCHASE PART-TIME PRIOR SERVICE

Angela Chunlee

3. DECISION OF HEARING OFFICER

a. Colleen Carlson
Q-2 Police Officer - Police Department
Industrial Disability Retirement — Denied

b. Theodoris Chambers
2302 Nursing Assistant - Public Health/San Francisco General Hospital
Ordinary Retirement Disability
Effective Date: July 1, 1995 — Granted

c. Gregory M. Clark
Q-2 Police Officer - Police Department
Industrial Disability Retirement
Effective Date: January 2, 1996 — Granted

d. Carmelita Facunia
1654 Principal Accountant - Public Health/Laguna Honda Hospital
Ordinary Retirement Disability
Effective Date: February 3, 1996 — Granted

e. Frederick Kelley
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Retirement Disability
Effective Date: November 1, 1994 — Granted

f. Dennis M. McCoy
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Retirement Disability
Effective Date: June 1, 1995 — Granted

g. Carol Moore
1424 Clerk Typist - Public Utilities Commission/MUNI
Ordinary Retirement Disability/Vesting
Effective Date: January 1, 1995 — Granted

h. Richard J. Seyler
H-40 Batallion Chief - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: July 4, 1996 — Granted

i. James H. Williams
2708 Custodian - Fine Arts Commission
Ordinary Retirement Disability
Effective Date: December 1, 1995 Granted

4. PETITION FOR REHEARING

a. Phillip R. Kavanaugh
(Andree A. Kavanaugh - widow)
H-30 Captain - Fire Department
Allowance - Death as a Result of Duty Denied

b. Genady Komarchuk
Q-2 Police Officer - Police Department
Industrial Disability Retirement Denied

5. PETITION TO VACATE INDUSTRIAL DISABILITY RETIREMENT

Gerald A. Crowley
Q-60 Lieutenant - Police Department
Industrial Disability Retirement/Stipulation Denied

6. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Donald Bryant

b. Earline Grayson

c. Shawn L. Jackson

d. Donna Tyree

e. Gwendolyn Westbrook

ACTION: It was moved by Breall, seconded by Casciato to approve the Consent Calendar; motion passed 4-0.

REGULAR CALENDAR
(Continuation)

5. DEFERRED COMPENSATION: INVESTMENT PERFORMANCE ASSESSMENT SELECTION

Commissioner Driscoll and Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Casciato to select Mercer Investment Consulting to perform investment performance assessment of the Deferred Compensation Plan; motion passed 5-0.

[Commissioner Martel arrived during this item.]

INVESTMENT CALENDAR
(Continuation)

1. REQUEST FOR FEE INCREASE FOR ASSET STRATEGY CONSULTING TO ASSIST STAFF IN SEARCHES

Carolyn Hamilton, Chief Investment Officer, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by martel to adopt staff recommendation to increase the fee up to $43,000 for Asset Strategy Consulting to assist in unlimited searches to begin on April 1, 1996; motion passed 5-0.

2. ALTERNATIVE INVESTMENT RECOMMENDATION: TO INVEST UP TO $8 MILLION TO POLARIS VENTURE PARTNERS, L.P.

Gary Hiatt, Portfolio Manager, and Barbara Lynch, Cambridge Associates, presented a written and oral report to the Board recommending that up to $8 million be invested in Polaris Venture Partners, L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Driscoll to accept staff recommendation to invest up to $8 million to Polaris Venture Partners, L.P.; motion passed 5-0.

3. ALTERNATIVE INVESTMENT RECOMMENDATION: TO INVEST UP TO $10 MILLION TO HANCOCK INTERNATIONAL PRIVATE EQUITY PARTNERSHIP II, L.P.

Gary Hiatt, Portfolio Manager, and Barbara Lynch, Cambridge Associates, presented a written and oral report recommending that up to $10 million be invested in Hancock International Partners II, L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Driscoll to approve the staff recommendation to invest up to $10 million to Hancock International Private Equity Partnership II, L.P. in partnership investments only; motion passed 5-0.

4. QUARTERLY REPORT ON REAL ESTATE PERFORMANCE FOR THE PERIOD ENDED DECEMBER 31, 1995

Gary Hiatt, Portfolio Manager, and Frank Blaschka of the Townsend Group presented a written and oral report on the performance of the real estate portfolio for the period ended December 31, 1995.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

5. REAL ESTATE MANAGER PRESENTATION: L. & B. REAL ESTATE COUNSEL

Jim White, Mark R. Gerigk and Paul Chapman discussed their firm's real state investments on behalf of SFERS for the CORE portfolio.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

6. SMALLER CAP VALUE PRESENTATIONS

James E. Crabbe and Thane A. Cleland of Crabbe Huson Group, Inc.; Rex A. Sinquefiled and David E. Schneider of Dimensional Fund Advisors; Paul Kandel and John E. Igneri of Dreyfus Trust Co.; Warren Isabelle and Dayna Gant of Pioneering Management Corporation; and Cecilia Baron, Barr Rosenberg and Thomas Meade of Rosenberg Institutional Equity Management presented a written and oral report.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

BOARD MEMBERS

No report was made.

There being no further business, the Board adjourned its regular meeting in memory of J.C. Wyckoff, II, father of Brewster Wyckoff at 5:50 p.m.

Respectfully submitted,

Clare M. Murphy
General Manager

Note: A transcript was made of the regular meeting by Richard Adams and Christine Bricknell of Adams Reporting Services.

City and County of San Francisco

San Francisco City and County
Employees' Retirement System
Office of The General Manager

MEMORANDUM

March 26, 1996

To: The Retirement Board

From: Clare M. Murphy
General Manager

Subject: **PROSPECTIVE RETIREMENT BOARD MEETING SCHEDULE AND TOPICS**

DATE	TIME	TENTATIVE TOPICS
04/09/96	12:30 p.m.	**Regular Meeting** Review of Shared Values and Behaviors Quarterly Report on Concept and Status of the Automated Retirement Systems Election of Officers Chief Investment Officer's Report Smaller Cap Value Selection
04/30/96	12:30 p.m.	**Regular Meeting** Review of Shared Values and Behaviors Strategic Plan Monthly Progress Review Unfinished Business Report Retirement System Travel Expense Report for the Period Ending March 31, 1996 Chief Investment Officer's Report Global and Domestic Fixed Income Three Year Review Post Venture Recommendation
05/14/96	12:30 p.m.	**Regular Meeting** Review of Shared Values and Behaviors Chief Investment Officer's Report Emerging Markets Debt RFP Specialty Fixed Income RFP

DATE	TIME	TENTATIVE TOPICS
06/04/96	12:30 p.m.	**Regular Meeting** Review of Shared Values and Behaviors Strategic Plan Monthly Progress Review Unfinished Business Report Declare a Vacancy on the Retirement Board 1997 RFP for Outside Provider for Conducting Retirement Board Election Chief Investment Officer's Report Performance of the Retirement Funds for the Period Ending March 31, 1996 Staff Recommendation for the Allocation of Funds for the Period Ending August 31, 1996 Alternative Investment Semi-Annual Report External Manager Presentations
06/25/96	12:30 p.m.	**Regular Meeting** Review of Shared Values and Behaviors Finance Committee Report Chief Investment Officer's Report Quarterly Report on Real Estate Performance for the Period Ended March 31, 1996 Real Estate Manager Presentation Larger Cap Value RFP
07/16/96	12:30 p.m.	**Regular Meeting** Review of Shared Values and Behaviors Strategic Plan Monthly Progress Review Unfinished Business Report Retirement Related Charter Amendments Proposed for November, 1996 Ballot Retirement System Travel Expense Report for the Period Ending June 30, 1996 Quarterly Report on Concepts and Status of the Automated Retirement Systems Retirement Board Rules, Resolutions and Policies Chief Investment Officer's Report Selection of Finalists for Emerging Markets Debt Managers Selection of Finalists for Specialty Fixed Income

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4/9/96

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TUESDAY, APRIL 9, 1996

12:30 P.M.

Present:	Al Casciato	President
	Patricia Martel	Vice President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Constance M. Hiatt	Commissioner
	Herb Meiberger	Commissioner

Absent: Member of the Board of Supervisors

Clare M. Murphy — General Manager, Retirement System

MINUTES: Minutes of the Regular Meeting of March 26, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Hiatt reviewed the Public Comment procedure for the attendees. No comments were made at this time.

REGULAR CALENDAR

1. REVIEW OF SHARED VALUES AND BEHAVIORS

   Clare Murphy, General Manager, reviewed the list of Shared Values and Behaviors with the Board.

   This is an information item only; no action was taken.

2. QUARTERLY REPORT ON CONCEPT AND STATUS OF THE AUTOMATED RETIREMENT SYSTEM

   Ron Puff, Acting Information Systems Manager, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only.

[Commissioner Martel arrived during this item.]

[The rest of the calendar items were heard out of sequence.]

GENERAL MANAGER'S REPORT

Clare Murphy, General Manager, reported on and reviewed the following items:

1. Ms. Murphy provided the Board with the Educational Opportunities List.

2. Reported on her recent attendance at the Council of Institutional Investors' Annual Meeting. She highlighted areas of discussion relevant to the plan which took place at the conference.

3. Reported to the Board that she and Kieran Murphy, Actuary, had met with members of the Mayor's staff to discuss Plan funding needs for FY 1996-97. The Mayor's Office requested to calendar this item for the April 30, 1996 Board meeting. Board members agreed to calendar if for informational purposes unless a written request from the Mayor was received by staff which asked for an item to be placed on calendar.

4. Ms. Murphy reported to the Board on a recent meeting with the Risk Manager and two insurance bidders for City and County of San Francisco and discussions of the possibility of acquiring fiduciary insurance. This item will be brought to the Board.

SPECIAL ORDER

Election of Officers: President and Vice President

In accordance with Board Rule One, Section 1.03, the Board conducted the election of officers for the ensuing term of office.

For President: First nomination: Commissioner Breall nominated Commissioner Herb Meiberger, seconded by Commissioner Casciato for the presidency; motion failed 3-3 (Driscoll, Hiatt, Martel).

Second nomination: Commissioner Driscoll nominated Commissioner Al Casciato, seconded by Commissioner Martel for the presidency. The Board unanimously elected Commissioner Al Casciato for President. Commissioner Casciato was elected President for the period through March 12, 1997.

For Vice President: Commissioner Hiatt nominated Commissioner Patricia Martel, seconded by Commissioner Driscoll for Vice President. The Board unanimously elected Commissioner Patricia Martel for Vice President. Commissioner Martel was elected Vice President for the period through March 12, 1997.

REGULAR CALENDAR
(Continuation)

3. ADOPTION OF REVISED 1996 VISION STATEMENT OF THE STRATEGIC PLAN

Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Martel to adopt the revised 1996 vision statement of the strategic plan; motion passed 6-0.

ACTUARY'S REPORT

Kieran Murphy, Actuary, updated the Board on the proposal by the retirees regarding increased COLA benefits.

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 19-95

2. DECISION OF HEARING OFFICER

   a. James Allen
   9163 MUNI Driver - Public Utilities Commission/MUNI
   Ordinary Retirement Disability/Stipulation
   Effective Date: December 1, 1990 — Granted

   b. Edward G. Buck
   Q-2 Police Officer - Police Department
   Industrial Disability Retirement\Stipulation — Denied

   c. Manuel M. Catania
   7334 Stationary Engineer - Juvenile Hall
   Ordinary Retirement Disability
   Effective Date: January 1, 1995 — Granted

d. William P. Jovick
H-32 Captain - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: July 16, 1994 Granted

3. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Oscar C. Cabangis

b. Jose E. Elgarico

c. Juan C. Gutierrez

d. James M. Jackson

e. Gerald R. Norman

4. REQUEST FOR AUTHORIZATION TO ORDER TRANSCRIPT OF RETIREMENT BOARD MEETING OF MARCH 26, 1996

5. REQUEST FOR AUTHORIZATION FOR CAROLYN HAMILTON, CHIEF INVESTMENT OFFICER, TO ATTEND THE 7TH ANNUAL CONFERENCE ON PENSION FUND INVESTMENT IN REAL ESTATE ON MAY 13-14, 1996 IN NEW YORK SPONSORED BY NEW YORK UNIVERSITY AND AN EDUCATIONAL SEMINAR ON IMPLEMENTING AND DEPLOYING YOUR STRATEGIC PLAN IN THE PUBLIC SECTOR ON MAY 15, 1996 IN BETHESDA, MARYLAND

ACTION: 1. Commissioner Driscoll requested to remove item no. 4 for discussion. It was moved by Breall, seconded by Martel to approve the Consent Calendar except item no. 4; motion passed 6-0.

2. It was moved by Martel, seconded by Meiberger to approve the Consent Calendar item no. 4; motion passed 6-0.

INVESTMENT CALENDAR

1. RECOMMENDATION OF SMALLER CAP VALUE SELECTION

Carl Wilberg, Portfolio Manager presented a report and recommendation that two firms be selected to manage funds in the smaller cap value sector.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: 1. It was moved by Breall, seconded by Martel to select Dreyfus Trust Company and Dimensional Fund Advisors, Inc. to manage smaller cap value equity portfolios; motion passed 5-1 (Meiberger).

2. It was moved by Meiberger, seconded by Driscoll to fund each small cap value managers with $50 million equivalent in cash and S & P Futures to be achieved by staff at the lowest impact and lowest cost to the portfolio; motion passed 6-0.

2. SELECTION OF FINALISTS FOR INTERNATIONAL SMALL CAP MANAGER

Carl Wilberg, Portfolio Manager, and Mark Coleman, Security Analyst, presented a written and an oral report recommending Acadian Asset Management, Capital Guardian Trust Co. an CastleInternational Asset Management as finalists to manage an international small cap portfolio.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Martel to accept staff recommendation to select the finalists for International Small Cap Managers; motion passed 6-0.

3. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

- Ms. Carolyn Hamilton reported the current status of AT&T's labor issues and correspondence received from labor organizations relating to protesting the potential layoffs of employees.

- A discussion was held with the Board and staff regarding recent changes in proxy issues. Board requested staff to review the possibility if they would be allowed to assign their vote to Institutional Shareholder Services. Staff will review this issue.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Updated the Board on RCM Capital Management's recent transaction to become a subsidiary of Dresdner Bank.

BOARD MEMBERS

Commissioner Driscoll reported on his recent attendance at the Brinson Partners' Client Conference on Global Portfolio Management. He expressed his concern over the recent City Attorney's advice regarding travel policy. He shared with the Board his feelings of being restricted from interacting with key individuals at the conference due to restrictions of the travel policy. He raised this issue to assist members who might be attending client conferences at a later date. A lengthy discussion was held and Board requested the City Attorney to explore the concerns and assist the Board with further explanations and a possible solution to these concerns.

Commissioner Martel expressed her appreciation to Board members for electing her as Vice President. She also thanked Commissioner Hiatt for her leadership and efforts as President of the Board for the past year.

Commissioner Meiberger congratulated Commissioner Casciato on being elected as President of the Board.

President Casciato reported on a recent Police Commission meeting where it was reported that a retiree was the victim of fraud. President Casciato has contacted and provided SFERS staff with information regarding fraud proceedings.

There being no further business, the Board adjourned its regular meeting at 2:59 p.m.

Respectfully submitted,

Clare M. Murphy
General Manager

Note: A transcript was made of the regular meeting by Richard Adams and Christine Bricknell of Adams Reporting Services.

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TUESDAY, APRIL 30, 1996

12:30 P.M.

Present:	Al Casciato	President
	Patricia Martel	Vice President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Constance Hiatt	Commissioner
	Herb Meiberger	Commissioner
	Michael J. Yaki	Supervisor

Clare M. Murphy — General Manager
Retirement System

MINUTES: Minutes of the Regular Meeting of April 9, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. No comments were made at this time.

[The Consent Calendar was heard before the Regular Calendar.]

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 20-95

2. DECISION OF HEARING OFFICER

   a. Francisco Alvarez
   9163 Transit Operator - Public Utilities Commission/MUNI
   Ordinary Retirement Disability/Stipulation
   Effective Date: June 1, 1995 — Granted

   b. Bobby J. Blake
   9163 Transit Operator - Public Utilities Commission/MUNI
   Ordinary Retirement Disability
   Effective Date: October 1, 1995 — Granted

   c. King Cevolani
   H-28 Training Instructor - Fire Department
   Industrial Disability Retirement\Stipulation — Denied

   d. Etai Chen
   1824 Principal Administrative Analyst - Recreation and Park Department
   Ordinary Retirement Disability
   Effective Date: January 1, 1996 — Granted

e. Lawrence Cruz
1372 Special Assistant XIII - Public Health
Ordinary Retirement Disability
Effective Date: January 4, 1996 Granted

f. Ronald Gospodnetich
7376 Steel Metal Worker - Public Works
Ordinary Retirement Disability
Effective Date: August 1, 1995 Granted

g. Clifford Kazarian
H-2 Firefighter - Fire Department
Ordinary Retirement Disability
Effective Date: June 1, 1993 Granted

h. James Lewis
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Retirement Disability
Effective Date: February 1, 1996 Granted

i. Robert D. Puccetti
Q-2 Police Officer - Police Department
Industrial Disability Retirement
Effective Date: March 23, 1996 Granted

j. John T. Ricketts
H-6 Investigator - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: August 1, 1994 Granted

k. Ross H. Spinner
Q-50 Sergeant - Police Department
Industrial Disability Retirement/Stipulation
Effective Date: July 7, 1994 Granted

l. Sam Wilson
2708 Custodian - Unified School District
Ordinary Retirement Disability/Stipulation
Effective Date: August 1, 1995 Granted

m. Joseph E. Wright
2736 Porter - Public Health
Ordinary Retirement Disability
Effective Date: October 1, 1995 Granted

3. PETITION FOR REHEARING

a. Colleen Carlson
Q-2 Police Officer - Police Department
Industrial Disability Retirement — Denied

b. William R. Setzler
8304 Deputy Sheriff - Sheriff's Department
PERS — Denied

4. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. David R. Ancheta

b. Susan E. Frazier

c. Juan C. Gutierrez

ACTION: 1. It was moved by Breall, seconded by Meiberger to approve the Consent Calendar except item no. 3b; motion passed 5-0. (Commissioner Martel and Supervisor Yaki were not present for the vote.)

2. Dan Maguire, Deputy City Attorney, reported to the Board on William Setzler's disability retirement. Mike Hebel, attorney for William Setzler, requested that this item be sent back to the hearing officer with further testimony from the Sheriff's Office. Commissioner Breall requested the medical file be brought to the next Closed Session. It was moved by Meiberger, seconded by Hiatt to continue item 3b to May 3, 1996 under Closed Session item; motion passed 6-0. (Commissioner Martel was not present for the vote.)

[Supervisor Yaki arrived during this item.]

REGULAR CALENDAR

1. REVIEW OF ECONOMIC ASSUMPTIONS FOR 1996-97

ACTION: It was moved by Breall, seconded by Meiberger to continue the item to May 3, 1996 at 8:00 a.m.; motion passed 6-0. (Commissioner Martel was not present for the vote.)

2. REVIEW OF 1996-97 EMPLOYER CONTRIBUTION RATES

ACTION: It was moved by Breall, seconded by Meiberger to continue the item to May 3, 1996 at 8:00 a.m.; motion passed 6-0. (Commissioner Martel was not present for the vote.)

3. REVIEW OF SHARED VALUES AND BEHAVIORS

Clare Murphy, General Manager, reviewed the list of Shared Values and Behaviors with the Board.

This is an information item only; no action was taken.

[Commissioner Martel arrived during this item.]

4. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: This is an information item only; no action was taken. Staff will bring this item to Senior Staff to review ways of reporting to the Board.

5. UNFINISHED BUSINESS REPORT

Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: This is an information item only; no action was taken.

6. RETIREES' SURVEY RESULTS REPORT

Maria Newport, Administrator, Retirement Services, and Debbie Carmel, Retirement Analyst, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

7. UPDATE ON BUYBACK PROJECTS

Maria Newport, Administrator, Retirement Services, and Arabella Jabier, Retirement Analyst, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

8. NOTICE ON PROPOSED RETIREMENT BOARD RULE CHANGE NOS. 10.2 AND 10.3

Dan Maguire, presented an oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

9. RETIREMENT SYSTEM TRAVEL EXPENSE REPORT FOR THE PERIOD ENDING MARCH 31, 1996

Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken. Commissioner Meiberger requested materials from staff who attended several conferences. Commissioner Hiatt requested a review of her travel expenses to Santa Barbara, CA.

10. REQUEST FOR A PETITION FOR REHEARING: MICHELLE AZEVEDO

Dan Maguire, Deputy City Attorney, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Hiatt, seconded by Breall to approve the request for a petition for rehearing for Michelle Azevedo; motion passed 7-0.

11. REVIEW AND REVISION OF MEDIA POLICY PLAN

Dan Maguire, Deputy City Attorney, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Hiatt, seconded by Breall to adopt the revised media policy plan; motion passed 7-0.

12. REVIEW AND REVISION OF FINANCE COMMITTEE CHARTER

Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Martel, seconded by Breall to adopt the revised Finance Committee Charter; motion passed 7-0.

GENERAL MANAGER'S REPORT

Clare Murphy, General Manager, reported on and reviewed the following items:

1. Ms. Murphy reported on the ongoing collective bargaining and MOU's before the Board of Supervisors.

2. Reported that ITT Hartford has reduced fees on market rate and separate accounts.

3. Updated the Board on the pending contracts with Deloitte and Touche for Deferred Compensation internal controls audit and with Mercer Investment Consulting for investment assessment performance relating to City and County Deferred Compensation Plan.

4. Reported on pending legislation in the Board of Supervisors and State Legislation regarding the tobacco industry and policy restrictions.

5. Reported that SFERS will be hiring two new staff members; final interviews are in-

progress for classification numbers 1814 Senior Retirement Analyst and 4331 Security Analyst.

ACTUARY'S REPORT

No report was made.

CITY ATTORNEY'S REPORT

No report was made.

[The Investment Calendar was heard out of sequence.]

INVESTMENT CALENDAR

2. RECOMMENDATION TO INVEST $10 MILLION WITH WARBURG, PINCUS COUNSELLORS AS A DISTRIBUTION AND POST-VENTURE MANAGER IN THE ALTERNATIVE INVESTMENTS PORTFOLIO

Gary Hiatt, Portfolio Manager and Linda Lynch of Cambridge Associates, presented a written and oral report to the Board on this item. This report was part of a continuing discussion on distribution management and post-venture investing.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Hiatt, seconded by Martel to approve staff recommendation; motion passed 7-0.

3. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

- Carolyn Hamilton, Chief Investment Officer, discussed the assignment of proxies to third parties.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Ms. Hamilton discussed the possibility of investing in DFA commingled funds on an initial basis in order to invest more rapidly in the domestic smaller cap value sector.

4. PRESENTATIONS OF INTERNATIONAL SMALL CAP MANAGERS

Ronald D. Frashune and James Graves of Acadian Asset Management; Robert Spare and John McIlwraith of Capital Guardian Trust Co. and Douglas Waggoner, Peter Tait and Gordon Anderson of CastleInternational Asset Management presented written and oral presentations to the Board.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

[Supervisor Yaki left the meeting after the Acadian Asset Management Presentation.]

1. GLOBAL AND DOMESTIC FIXED INCOME THREE YEAR REVIEW

Richard Piket, Portfolio Manager, and Leslie Kautz of Asset Strategy Consulting, presented the Board with a comprehensive review of the fixed income component of the Retirement Fund and recommend necessary actions as a result of this review.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION:

1. It was moved by Driscoll, seconded by Meiberger to modify the manager investment plan for Scudder, Stevens and Clark in order to accommodate a greater emphasis on the corporate securities market sector; motion passed 6-0. (Supervisor Yaki was not present for the vote.)

2. The second staff recommendation to add an additional $125 million to Scudder, Stevens and Clark Portfolio from the International Portfolio was discussed and will be brought back to the Board at a later date.

3. It was moved by Driscoll, seconded by Meiberger to authorize staff to prepare a Request for Proposal for an Emerging Markets Debt portfolio manager; motion passed 6-0. (Supervisor Yaki was not present for the vote.)

4. Commissioner Driscoll noted in the discussion that staff and consultant had raised the issue of additional amounts that should be directed to equity investment. He requested that staff bring a recommendation to the Board at the same time as the recommendation to add additional funds to the Scudder, Stevens and Clark portfolio.

BOARD MEMBERS

Commissioner Driscoll provided an article regarding issues arising in Burma which may have potential impact, i.e. purchasing or investing City and County policy restrictions.

Commissioner Driscoll requested the City Attorney for an opinion regarding the rights of members who took Proposition F passed in 1981 with respect to Proposition G 1983 buyback opportunities.

President Casciato recessed the meeting to May 3, 1996 at 8:00 a.m.

There being no further business, the Board adjourned its regular meeting at 4:30 p.m.

Respectfully submitted,

Clare M. Murphy
General Manager

Note: A transcript was made of the regular meeting by Christine Bricknell of Adams Reporting Services.

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ADJOURNMENT AND CONTINUATION OF APRIL 30, 1996 MEETING

TO

FRIDAY, MAY 3, 1996

AT

8:00 A.M.

Al Casciato	President
Patricia E. Martel	Vice President
William Breall, M.D.	Commissioner
Joseph D. Driscoll	Commissioner
Leopold Korins	Commissioner
Herb Meiberger	Commissioner
Michael J. Yaki	Supervisor

Clare Murphy — General Manager
Retirement System

RETIREMENT BOARD

ADJOURNED REGULAR MEETING

REGULAR CALENDAR

1. REVIEW OF ECONOMIC ASSUMPTIONS FOR 1996-97

Kieran Murphy, Actuary, and Catherine Cole of Towers Perrins presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Martel to approve staff recommendation to adjust the long-term investment return assumption from 8.0% to 8.25% and long-term wage increase assumption from 5.0% to 4.5%; motion passed 6-1 (Meiberger).

2. REVIEW OF 1996-97 EMPLOYER CONTRIBUTION RATES

Kieran Murphy, Actuary, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Martel to approve the adjustment of the City's 1996-97 contribution rates for Police and Fire to 0% and Miscellaneous to 1.83%; motion passed 6-1 (Meiberger).

CLOSED SESSION

Pursuant to the Ralph M. Brown Act, Government Code Section 54956.9(a) the Sunshine Act, San Francisco Administrative Code Section 67.11(b)(1), the Retirement Board met in closed session.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Subdivision (a) of Government Code Section 54956.9)

William R. Setzler v. San Francisco Retirement Board - OAH N 9311006

Dan Maguire updated the status of William R. Setzler. No action was taken at this time. It will be calendared for the May 14, 1996 Board meeting for action.

BOARD MEMBERS

Commissioner Meiberger took issue with the pending Tobacco Resolution whereas clause regarding tobacco stocks declining profitability and therefore no longer considered to be a prudent investment.

Commissioner Breall extended his congratulations to the newest appointed Board member Lee Korins.

Commissioner Meiberger welcomed Lee Korins to the Board and stated that his seat was previously held by his predecessor at the Pacific Stock Exchange, Maurice Mann.

Commissioner Driscoll raised the issue with a resolved clause of the pending Tobacco Resolution relating to clarification and definition of retail industry.

President Casciato requested Clare Murphy, General Manager, to report to Board a recent request from Bay Guardian relating to SFERS' holdings in PG&E stock.

There being no further business, the Board adjourned its regular meeting at 9:10 a.m.

Respectfully submitted,

Clare M. Murphy
General Manager

Note: A transcript was made of the regular meeting by Paul Schiller of Adams Reporting Services.

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TUESDAY, MAY 14, 1996

12:30 P.M.

Present:	Al Casciato	President
	Patricia Martel	Vice President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Herb Meiberger	Commissioner
Absent:	Leopold Korins	Commissioner
	Michael J. Yaki	Supervisor

Clare M. Murphy — General Manager, Retirement System

MINUTES: Minutes of the Regular Meeting of April 30, 1996.

ACTION: Approved as amended.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. No comments were made at this time.

REGULAR CALENDAR

1. PROPOSED RETIREMENT BOARD RULE CHANGE NOS. 10.2 AND 10.3

   Clare Murphy, General Manager, presented an oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: No action was taken. This item is to be continued to June 4, 1996.

2. REQUEST FOR PETITION FOR REHEARING: WILLIAM SETZLER

   Dan Maguire, Deputy City Attorney, presented an oral report to the Board on this item. Mike Hebel, attorney for petitioner, and William Setzler were present. Mr. Hebel requested the Board to send this case back to the hearing officer for a rehearing with additional information.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: It was moved by Breall, seconded by Martel to deny petitioner's request for a rehearing; motion passed 5-0.

[Commissioner Martel arrived during this item.]

GENERAL MANAGER'S REPORT

Clare Murphy, General Manager, reported on and reviewed the following items:

1. Ms. Murphy provided the Board with a list of educational opportunities.

2. Updated the Board on pending labor negotiations.

3. Updated the Board on efforts to attempt to gather information and set up meetings with the Risk Manager in order to provide the Board with facts on the purchasing of fiduciary liability insurance.

4. Reported to the Board that the Assembly Bill relating to the Tobacco Industry and the possible investment restrictions had been defeated in the State Assembly committee.

ACTUARY'S REPORT

Kieran Murphy, Actuary, provided the Board with a list of potential upgrades of services to members which may require Charter amendments. He requested the President and Vice-President to review and advise the City Attorney to prepare skeletals to the Board of Supervisors by May 20, 1996.

CITY ATTORNEY'S REPORT

Dan Maguire, Deputy City Attorney, reported that he had received a call from the Mayor's Office regarding a proposed firefighter's Charter amendment.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 21-95

2. DECISION OF HEARING OFFICER

   a. Robert C. Boyd
   9163 Transit Operator - Public Utilities Commission/MUNI
   Change of Disability Retirement Date
   Effective Date: June 14, 1991 Granted

b. Patrick W.Y. Cheng
7332 Maintenance Machinist - Public Utilities Commission/MUNI
Ordinary Retirement Disability
Effective Date: March 16, 1994 Granted

c. Walter Gregory, Sr.
9163 Transit Operator - Public Utilities Commission/MUNI
Reinstatement Granted

d. Fay H. Woo
1658 Chief Accountant - Retirement System
Reinstatement Granted

3. PETITION FOR REHEARING

Lloyd G. Kraal
7334 Carpenter - Unified School District
Ordinary Retirement Disability Denied

4. REQUESTS TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Rudy J. Castellanos

b. Kara Ka Wah Chien

c. Maggie A. Davis-Badger

d. Yvette Hannah

e. Leroi Houston

f. Sogra Kadir

g. Hembert Ortiz

h. Melvin B. Powell

i. Rafael C. Trujillo

j. Nathaniel Winston

5. DISMISSAL OF DISABILITY RETIREMENT APPLICATION

Thomas Bean

ACTION: 1. Commissioner Breall requested to remove 2c and Commissioner Driscoll to remove 4a. It was moved by Breall, seconded by Meiberger to adopt the Consent Calendar except item nos. 2c and 4a; motion passed 5-0.

2. Commissioner Breall reported to the Board and staff that he had reviewed this request for disability retirement. Commissioner Breall requested that Walter Gregory be given a rehearing and Commissioner Breall would appear at this hearing to review his issues and concerns.

It was moved by Meiberger, seconded by Martel to deny the hearing officer's decision to reinstate Walter Gregory and the Board to grant a rehearing with transcript of Commissioner Breall's comments to be made available at that time along with a complete medical file of this case; motion passed 4-1 (Driscoll).

3. It was moved by Driscoll, seconded by Meiberger to grant the hardship withdrawal of Deferred Compensation funds for Rudy J. Castellanos with the stipulation that contribution to his deferred compensation plan be discontinued until his wife returns to work or his financial situation improves; motion passed 5-0.

INVESTMENT CALENDAR

1. REVIEW AND APPROVAL OF REQUEST FOR PROPOSAL FOR EMERGING MARKETS DEBT MANAGER

Richard Piket, Portfolio Manager, presented a Request for Proposal to be used in the search and selection of an Emerging Markets Debt Manager.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Martel to approve the Request for Proposal for Emerging Markets Debt Manager with the following amendments; motion passed 5-0.

Minimum qualifications:

B. After "firm" insert "or its principals"
G. Change $2 billion to $500 million
H. Change $200 million to $100 million

Commissioner Martel requested that performance data be made available.

2. SELECTION OF INTERNATIONAL SMALL CAP MANAGER

Carl Wilberg, Portfolio Manager, and Mark Coleman, Securities Analyst, presented a written and oral report recommending the selection of a manager to replace Dunedin Fund Management (now Edinburgh Fund Managers).

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by to approve staff recommendation to select Capital Guardian to replace Dunedin Fund Management; motion passed 5-0.

3. TRANSFER OF THE RREEF/SUMITOMO LOAN PRINCIPAL AMOUNT FROM REAL ESTATE NET ASSET VALUE TO CAPITAL AVAILABLE FOR INVESTMENT IN 1996

Gary Hiatt, Portfolio Manager, and Brewster Wyckoff, Securities Analyst, presented a written and oral report recommending that the RREEF/Sumitomo loan principal amount be transferred from "Real Estate Net Asset Value" to "Capital Available for Investment in 1996".

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Breall to approve staff recommendation of the transfer of $24.5 million of the RREEF/Sumitomo loan principal amount from "Real Estate Net Asset Value" to "Capital Available for Investment in 1996"; motion passed 4-1 (Meiberger).

4. REAL ESTATE INVESTMENT RECOMMENDATION: TO INVEST $20 MILLION IN OCM REAL ESTATE OPPORTUNITIES FUND A, L.P.

Gary Hiatt, Portfolio Manager, and Brewster Wyckoff, Securities Analyst, and Barbara Lynch of Cambridge Associates, presented a written and oral report recommending that up to $20 million be invested in OCM Real Estate Opportunities Fund A, L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Martel to invest up to $20 million in Oaktree Capital Management Real Estate Opportunities Fund A, L.P.; motion passed 3-2 (Meiberger and Breall).

5. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carl Wilberg, Portfolio Manager, reported on the following:

- Staff reported on its evaluation of alternatives for completion of contracting with Dimensional Fund Advisors (DFA) using either a separate or commingled account. The issues and their evaluation were presented with staff recommending that a commingled account be utilized to initiate portfolio funding. Staff made this recommendation because of: lower fees, better index tracking, daily pricing for daily investing, a desirable proxy voting policy, and a functioning securities lending program. Staff will monitor this alternative to ensure it is the most advantageous. The Board approved completion of contracting with DFA on this basis.

BOARD MEMBERS

Commissioner Driscoll requested that he be provided a copy of the transcript a portion of the June 27, 1995 meeting.

Commissioner Breall reported that he had spoken to the representative of the San Francisco Chamber, and he was informed future appointments to the Retirement Board will be evaluated by the Mayor.

President Casciato requested that the contribution rate letter which was sent to Department and interested parties be reviewed, and he requested a military buyback review for employees. President Casciato was in receipt of letter from SFERS shop steward regarding staffing levels and a letter from a participant of the Deferred Compensation expressing concern.

There being no further business, the Board adjourned its regular meeting at 2:55 p.m.

Respectfully submitted,

Clare M. Murphy
General Manager

Note: A transcript was made of the regular meeting by Paul Schiller of Adams Reporting Services.

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TUESDAY, JUNE 4, 1996

12:30 P.M.

Present:	Al Casciato	President
	Patricia Martel	Vice President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Leopold Korins	Commissioner
	Herb Meiberger	Commissioner
	Michael J. Yaki	Supervisor

Clare M. Murphy — General Manager
Retirement System

MINUTES: Minutes of the Regular Meeting of May 14, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. No comments were made at this time.

REGULAR CALENDAR

1. REVIEW OF SHARED VALUES AND BEHAVIORS

Clare Murphy, General Manager, presented a written and oral report to the Board on this item. Ms. Murphy reported to the Board that this item was brought back to Senior Staff for review. The senior staff recommended that the page showing Vision Statement and Shared Values be included in each Board materials packet and that this item no longer be calendared.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Breall requested to change "ensure" to "insure" in the Vision Statement. The Board concurred with recommended changes.

ACTION: No action was taken.

[Commissioner Driscoll arrived during this item.]

2. UNFINISHED BUSINESS LIST

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Meiberger requested an update on the study of growth vs. value stocks.

ACTION: No action was taken.

3. REQUEST TO DECLARE A VACANCY ON THE RETIREMENT BOARD EFFECTIVE FEBRUARY 20, 1997

Clare Murphy, General Manager, and Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. President Casciato requested that the Communication Committee discuss the procedures and policy for the 1997 election and report back to the Board on June 25, 1996.

ACTION: It was moved by Breall, seconded by Korins to declare a vacancy on the Retirement Board effective February 20, 1997; motion passed 6-0. (Commissioner Martel was not present for the vote.)

[Supervisor Yaki arrived during this item.]

4. PROPOSED RETIREMENT BOARD RULE CHANGE NOS. 10.2 AND 10.3

Dan Maguire, Deputy City Attorney, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Meiberger to approve the Retirement Board Rule Change Nos. 10.2 and 10.3 with modifications; motion passed 6-0. (Commissioner Martel was not present for the vote.)

5. ADJUSTMENT OF DISABILITY RETIREMENT ALLOWANCE - MICHAEL W. MCNEILL - RET. #P2 84538

Dan Maguire, Deputy City Attorney, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: The Board unanimously voted to adjust Michael W. McNeill's industrial disability retirement allowance from 50% to 80%.

[Commissioner Martel arrived during this item.]

6. REQUEST AUTHORIZATION FOR CITY ATTORNEY TO FILE SUIT: MICHELLE AZEVEDO

Dan Maguire, Deputy City Attorney, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Meiberger to authorize the City Attorney to file suit on Michelle Azevedo; motion passed 7-0.

GENERAL MANAGER'S REPORT

Clare Murphy, General Manager, reported on and reviewed the following items:

1. Ms. Murphy provided an update on labor negotiations and status of the Probation Officers' negotiations.

2. Budget Update: The Mayor submitted the 1996-1997 budget to the Board of Supervisors. Clare Murphy and staff will be meeting with the Budget Analyst's office.

3. Provided Board members of with a list of pending Charter Amendments for the November 1996 ballot. No early retirement Charter Amendments have been introduced yet.

4. Updated the Board on the Internal Controls Audit of ITT Hartford Deferred Compensation. Preliminary report to the Board will be on June 25, 1996 with the final report on July 16, 1996.

5. Updated the Board on the Human Rights Commission's letter regarding minority-owned San Francisco brokerage firms.

6. Provided the Board with the ITT Hartford's dinner invitation on June 13, 1996. Please RSVP by June 7, 1996.

7. Forward Calendar Update: Ms. Murphy requested the Board to review the possibility of cancelling one meeting in October.

ACTUARY'S REPORT

Kieran Murphy, Actuary, reported on and reviewed the following items:

1. Mr. Murphy reported on new operating tables due to the change in the contribution rates from City for 1996-97.

2. Provided the Board with a draft of a letter to Board of Supervisors reporting on Charter Amendment for the retirees' COLAS.

3. Reported to the Board members that there is a proposed Charter Amendment for the firefighters on the November 1996 ballot.

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. a. VOLUNTARY RETIREMENT BOARD LIST NO. 22-95

   b. VOLUNTARY RETIREMENT BOARD LIST NO. 23-95

2. DECISION OF HEARING OFFICER

   a. Albert B. Brown
   8204 Institutional Police Officer - Public Health/San Francisco General Hospital
   PERS Granted

   b. Ron Congo
   1242 Personnel Analyst - Civil Service Commission
   Ordinary Retirement Disability
   Effective Date: December 16, 1995 Granted

   c. Stephen Franks
   1226 Chief Payroll Clerk - Public Health/San Francisco General Hospital
   Ordinary Retirement Disability
   Effective Date: March 29, 1996 Granted

d. Jimmie White
2708 Custodian - Unified School District
Ordinary Retirement Disability
Effective Date: February 24, 1996 Granted

3. REQUESTS TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Augustine M. Fallay

b. Ella R. Jamerson

c. Michael G. Kirtley

d. Jonathan C. Low

e. Jerry R. Malone

f. Felix Marin

g. Bobby J. Martin

h. Beverly A. Moore

i. Stanley A. Williams

j. Richard Geran

k. George H. Watkins

4. APPLICATION FOR BIRTHDATE CORRECTION

a. Alice Danner

b. Vilma J. Ruiz

ACTION: It was moved by Breall, seconded by Martel to adopt the Consent Calendar; motion passed 7-0.

INVESTMENT CALENDAR

1. PERFORMANCE REVIEW OF THE RETIREMENT FUND FOR THE PERIODS ENDED MARCH 31, 1996

   Carolyn Hamilton, Chief Investment Officer, Richard Piket, Portfolio Manager, Carl Wilberg, Portfolio Manager, and Larry Davanzo and Leslie Kautz of Asset Strategy Consulting, presented written and oral reports reviewing the performance of the Retirement Fund for the periods ended March 31, 1996.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

2. STAFF RECOMMENDATION FOR THE ALLOCATION OF FUNDS FOR THE PERIOD ENDING AUGUST 31, 1996

   Carolyn Hamilton, Chief Investment Officer, presented a written and oral report recommending specific allocations of income and principal to fund benefits and new investments.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: It was moved by Martel, seconded by Driscoll to approve staff recommendation; motion passed 6-1 (Meiberger).

3. EXTERNAL MANAGER PRESENTATIONS: NICHOLAS-APPLEGATE CAPITAL MANAGEMENT; SCHRODER MORTGAGE ASSOCIATES AND PICTET INTERNATIONAL MANAGEMENT

   James T. McComsey of Nicholas-Applegate Capital Management, Greg A. White of Schroder Mortgage Associates and Jonathan Neill, Peter O'Reilly and Michael McLaughlin of Pictet International Management presented written and oral reports updating the Board on their current performance and investment strategies.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

[Supervisor Yaki left during this item.]

5. ALTERNATIVE INVESTMENT RECOMMENDATION: TO INVEST UP TO $25 MILLION IN MADISON DEARBORN CAPITAL PARTNERS II, L.P.

Gary Hiatt, Portfolio Manager, and Barbara Lynch of Cambridge Associates presented written and oral reports recommending that $25 million be committed to this fund.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Martel to approve the recommendation to invest up to $25 million in Madison Dearborn Capital Partners II, L.P.; motion passed 6-0 (Supervisor Yaki was not present for the vote.)

6. REAL ESTATE INVESTMENT RECOMMENDATION: TO INVEST UP TO $20 MILLION IN DLJ REAL ESTATE CAPITAL PARTNERS, L.P.

Gary Hiatt, Portfolio Manager, Brewster Wyckoff, Securities Analyst, and Frank Blaschka of the Townsend Group, presented a written and oral report recommending that up to $20 million be invested in DLJ Real Estate Capital Partners, L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Martel to approve the recommendation to invest up to $20 million in DLJ Real Estate Capital Partners, L.P.; motion passed 6-0 (Supervisor Yaki was not present for the vote.)

4. ALTERNATIVE INVESTMENT SEMI-ANNUAL REPORT

Gary Hiatt, Portfolio Manager, and Barbara Lynch of Cambridge Associates presented a written and oral report on the performance review for the six months ending December 31, 1995.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

7. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Discussed the development of a new Total Fund Performance Methodology by Asset Strategy Consulting and staff.
- Staff will review the recent measure passed by the Board of Supervisors requesting that the Fund divest itself of all tobacco holdings.

BOARD MEMBERS

Commissioner Meiberger asked the CIO of policies regarding brokers and cause for suspension. He mentioned the suspension of a broker at Spear, Leeds and Kellogg. Commissioner Casciato directed Commissioner Korins and Meiberger to investigate the matter and report back to the Board.

There being no further business, the Board adjourned its regular meeting at 5:10 p.m.

Respectfully submitted,

Clare M. Murphy
General Manager

Note: A transcript was made of the regular meeting by Richard Adams and Sandy Movahed of Adams Reporting Services.

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MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

WEDNESDAY, JUNE 19, 1996

12:15 P.M.

SPECIAL MEETING

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Present:	Al Casciato	President
	Patricia E. Martel	Vice President
	William Breall, M.D.	Commissioner
	Herb Meiberger	Commissioner
Absent:	Joseph D. Driscoll	Commissioner
	Leopold Korins	Commissioner
	Michael J. Yaki	Supervisor

Clare M. Murphy — General Manager, Retirement System

RETIREMENT BOARD

SPECIAL MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. No comments were made at this time.

1. CONSIDER AND ACT UPON AN APPLICATION FOR THE DISABILITY RETIREMENT OF HERMINA BALISORO

Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. The Board requested staff to write a letter to extend their support to the family.

ACTION: It was moved by Breall, seconded by Martel to act upon the application for the disability retirement of Hermina Balisoro; motion passed 4-0.

There being no further business, the Board adjourned its special meeting in best wishes and recovery for Hermina Balisoro at 12:28 p.m.

Respectfully submitted,

Clare M. Murphy
General Manager

CALENDAR

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

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#2
6/19/96 Special

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

WEDNESDAY, JUNE 19, 1996

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12:15 P.M.

* **SPECIAL MEETING**

Al Casciato	President
Patricia Martel	Vice President
William Breall, M.D.	Commissioner
Joseph D. Driscoll	Commissioner
Leopold Korins	Commissioner
Herb Meiberger	Commissioner
Michael J. Yaki	Supervisor

Clare Murphy — General Manager, Retirement System

DISABILITY ACCESS

The San Francisco Employees' Retirement System is wheelchair accessible. Accessible seating is available for persons with disabilities. Large print copies of the agenda can be made available, American Sign Language interpreters and an FM sound amplification system are available on request; please contact Kay Gulbengay, Executive Assistant at 554-1520 at least two working days before a meeting.

Individuals with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-8925 to discuss meeting accessibility. In order to assist the City's efforts to accommodate such people, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Accessible parking is available at the 8th and Market Street parking lot. A "blue zone" is located adjacent to the lot. Accessible MUNI lines are the #9 and #71. The closest accessible BART/MUNI station is the Civic Center Station.

All materials to be considered or acted upon by the Board shall be available for public review 24 hours prior to the Board meeting.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-6075.

For additional information, contact Kay Gulbengay, Executive Assistant at 554-1520.

Individuals with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities should call (415) 554-1520 to discuss meeting accessibility. In order to assist the City's efforts to accommodate such people, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

For additional information, contact Kay Gulbengay, Executive Assistant, at 554-1520.

RETIREMENT BOARD

SPECIAL MEETING

PUBLIC COMMENT

Members of the public shall have an opportunity to directly address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board now or at the time an item on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

1. CONSIDER AND ACT UPON AN APPLICATION FOR THE DISABILITY RETIREMENT OF HERMINA BALISORO

   ACTION:

SF
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#3
6/25/96

MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

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TUESDAY, JUNE 25, 1996

12:30 P.M.

Present:	Al Casciato	President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Leopold Korins	Commissioner
	Herb Meiberger	Commissioner
Absent:	Michael J. Yaki	Supervisor
	Patricia Martel	Vice President
	Clare M. Murphy	General Manager Retirement System

MINUTES: Minutes of the Regular Meeting of June 4, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. No comments were made at this time.

REGULAR CALENDAR

1. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

   Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: No action was taken.

[Commissioner Driscoll arrived during this item.]

2. FINANCE COMMITTEE REPORT AND REQUEST FOR SUPPLEMENTAL APPROPRIATION OF $700,000 FOR 1995-1996 INVESTMENT BUDGET

   Clare Murphy, General Manager, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: It was moved by Korins, seconded by Meiberger to approved the request for supplemental appropriation of $700,000 for the 1995-96 investment budget; motion passed 5-0.

3. COMMUNICATION COMMITTEE REPORT AND RECOMMENDATION FOR IMPLEMENTATION OF 1997 RETIREMENT BOARD ELECTION PROCESS

   Clare Murphy and President Casciato of the Communication Committee presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Meiberger to mail the 1997 Retirement Board Election ballots to active members and continue to use the Registrar of Voters to administrator the election; motion passed 5-0.

4. UPDATE ON FIDUCIARY LIABILITY INSURANCE

Kay Gulbengay, Executive Assistant, and Dan Maguire, Deputy City Attorney, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Staff will bring a recommendation to the Board at the July 16, 1996 meeting.

This is an informational item only; no action was taken.

[Commissioner Driscoll left the meeting at this time.]

ACTUARY'S REPORT

Kieran Murphy, Actuary, reported on the four Charter Amendments pending before the Board of Supervisors for Committee action and submission to the electorate for the November, 1996 ballot:

1. Firefighters
2. Retiree COLAS
3. Collective Bargaining
4. Board of Supervisors' Membership in the SFERS

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 24-95

2. DECISION OF HEARING OFFICER

a. Gregory W. Abell
H-40 Battalion Chief - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: July 1, 1995 — Granted

b. Joseph Arone
Q-2 Police Officer - Police Department
Industrial Disability Retirement/Stipulation
Effective Date: September 1, 1995 — Granted

c. Galen P. Cole
H-20 Lieutenant - Fire Department
Industrial Disability Retirement/Stipulation — Denied

d. Judith Higgs
340 Deputy Clerk - Department of Parking and Traffic
Effective Date: June 15, 1996 — Granted

e. Frank C. McCoy
0380 Inspector - Police Department
Industrial Disability Retirement/Stipulation — Denied

f. Timothy B. Nolan
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation — Denied

g. Pyron L. Stewart
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Retirement Disability — Denied

3. REQUESTS TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Louise P. Bobinaoux

b. Kathleen H. Castagnola

c. Robert A. Harris

4. APPLICATION FOR BIRTHDATE CORRECTION

Frederick Sewell

5. DELEGATION OF INVESTMENT AUTHORITY

6. REQUEST FOR AUTHORIZATION FOR LEOPOLD KORINS, BOARD MEMBER, TO ATTEND THE PUBLIC PENSION FUND FORUM FOR NEW TRUSTEES TO BE HELD IN SAN FRANCISCO, CA ON JULY 18-19, 1996

7. REQUEST TO CANCEL THE OCTOBER 8, 1996 MEETING

ACTION: It was moved by Breall, seconded by Meiberger to adopt the Consent Calendar; motion passed 4-0 (Commissioner Driscoll was not present for the vote).

INVESTMENT CALENDAR

1. QUARTERLY REPORT ON REAL ESTATE PERFORMANCE FOR THE PERIOD ENDED MARCH 31, 1996

   Gary Hiatt, Portfolio Manager, and Frank Blaschka of the Townsend Group provided written and oral reports on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

2. REAL ESTATE MANAGER PRESENTATION: METRIC INSTITUTIONAL REALTY

   Astrid Mashburn and Lisa Freese of Metric Institutional Realty Advisors provided written and oral reports to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

3. RECOMMENDATION OF AN ENHANCED LARGE CAP VALUE INDEX STRATEGY FOR DOMESTIC EQUITIES AND A REQUEST FOR PROPOSAL

   Carl Wilberg, Portfolio Manager, Mark Coleman, Security Analyst, and Leslie Kautz of Asset Strategy Consulting, presented written and oral reports on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved Driscoll, seconded by Breall to approve the recommendation for an enhanced large cap value index strategy for Domestic Equities and approve the Request for Proposal with amendments (page 2): tracking "not to exceed approximately 4% annually" and change "1.5 billion" to "$750 million"; motion passed 5-1 (Meiberger).

[Commissioner Driscoll returned during this item.]

4. EMERGING MARKETS DEBT SEMI-FINALIST RECOMMENDATION

Richard Piket, Portfolio Manager, Michele Misiaszek, Security Analyst and Leslie Kautz of Asset Strategy Consulting reviewed presented the recommendations that resulted from the Retirement System's Request for Proposal relating to the search for an emerging markets bond portfolio manager.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Breall to accept the recommendation to select J.P. Morgan Investment Management, Morgan Stanley Asset Management, Salomon Brothers Asset Management and Granthem as finalists in the search for Emerging Markets Debt Manager; motion passed 5-0.

5. REPORT BY COMMISSIONER LEE KORINS REGARDING BROKERAGE

This item was continued to the call of the Chair.

6. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Gary Hiatt, Acting Chief Investment Officer, reported on the following:

- It was likely that staff will be recommending commitments to First Reserve Fund VII and DLJ Merchant Banking Fund II at the July 16 board meeting.

- General partners of three of the System's existing private equity partnerships will be in San Francisco during the week beginning on July 8: Menlo Ventures, Vestar Capital Partners, and TA Associates -- any

board members wishing to meet with them should contact him if they would like to meet with these partners.

GENERAL MANAGER'S REPORT

Clare Murphy, General Manager, reported on and reviewed the following items:

1. Ms. Murphy reported on the outstanding labor negotiations were Transit Workers and Police Officers.

2. Updated the Board on the Budget process for 1996-97.

3. Provided the Board with a list of Educational Opportunities.

4. Updated the Board on Probation Officers' MOU agreements.

5. Reviewed with the Board the preliminary findings of the Internal Controls Audit of ITT Hartford's performance by Deloitte and Touche. Presentation by Deloitte and Touche will be made to the Board on July 16, 1996.

6. Reported to the Board the current employee vacancies at SFERS.

7. Will bring to the Board on July 16, 1996 meeting a Rule Change which reflects the title of General Manager change per the new Charter and a request to file an application for a disability retirement application on behalf of an SFERS staff concerning a disability retirement application.

BOARD MEMBERS

No report was made.

There being no further business, the Board adjourned its regular meeting in memory of Hermie Balisoro, staff member, Yoke Lam Tham, father-in-law of Shirley Tham, staff member and Molly Herrera, Commissioner Pat Martel's aunt, at 3:35 p.m.

Respectfully submitted,

Clare M. Murphy

Clare M. Murphy
General Manager

Note: A transcript was made of the regular meeting by Paul Schiller of Adams Reporting Services.

SF
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#3
7/16/96

MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

TUESDAY, JULY 16, 1996

12:30 P.M.

Present:	Al Casciato	President
	Patricia Martel	Vice President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Leopold Korins	Commissioner
	Herb Meiberger	Commissioner
	Michael J. Yaki	Supervisor
	Clare M. Murphy	General Manager Retirement System

MINUTES: Minutes of the Regular Meeting of June 25, 1996.

ACTION: Approved as submitted.

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RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. William Setzler addressed the Board on Item No. 3 of the Consent Calendar regarding his request for rehearing of disability retirement application.

REGULAR CALENDAR

1. UNFINISHED BUSINESS REPORT

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Korins to adopt the unfinished business list with the following amendments; motion passed 6-0.

- Delete item on "Independent Study of Efficacy of Growth and Value Indexation - Consideration of Alternatives"
- Add item to "Retirement Board/Benefits: Relaying of Retirement with members through the use of Internet" (Casciato)
- Add item to "Retirement Board/Administration: Review of issues relating to ITT Hartford's Internal Controls Audit" (Casciato)

[Commissioner Martel was not present for regular item nos. 1-4]

2. REPORT ON RETIREMENT SYSTEM TRAVEL EXPENSE FOR THE PERIOD ENDING JUNE 30, 1996

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an informational item only; no action was taken.

3. REPORT AND RECOMMENDATION ON FIDUCIARY LIABILITY INSURANCE

Kay Gulbengay, Executive Assistant presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Meiberger to accept the staff recommendation not to purchase fiduciary liability insurance; motion passed 6-0.

4. NOTICE OF PROPOSED RETIREMENT BOARD RULE CHANGES

Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an informational item only; no action was taken.

5. AUDIT REPORT BY DELOITTE & TOUCHE, LLP ON ITT HARTFORD'S INTERNAL CONTROLS FOR THE DEFERRED COMPENSATION PLAN

Hap Chauhan, Senior Consultant of Deloitte & Touche presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an informational item only; no action was taken.

[Commissioner Martel arrived during this time.]

6. RETIREMENT RELATED CHARTER AMENDMENTS PROPOSED FOR NOVEMBER, 1996 BALLOT

Kieran Murphy, Actuary, and Dan Maguire, Deputy City Attorney, presented a written

and oral report to the Board on the four proposed Charter Amendments.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: No action was taken.

[The rest of the calendar was heard out of sequence.]

INVESTMENT CALENDAR

2. RECOMMENDATION TO INVEST UP TO $50 MILLION IN THE AFL-CIO HOUSING INVESTMENT TRUST

Richard Piket, Portfolio Manager, and Jeff Greendorfer of the AFL-CIO reviewed materials provided to the Board with respect to possible investment in the AFL-CIO Housing Investment Trust.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Martel to accept the recommendation to invest up to $50 million or 10% of domestic single family mortgage securities portfolio; motion passed 7-0.

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on and reviewed the following items:

1. Ms. Murphy updated the Board on the last two remaining labor negotiations: Police Officers and Transit Workers.

2. Reported and updated the Board on the budget process.

3. Reviewed with the Board the Probation Officers' transfer to PERS and the steps which are being taken regarding the filing of possible Deferred Compensation Plan Hardship's withdrawal to repay their SFERS' shortage.

4. Reported that the staff will report on the Minority Brokerage issue at the August 13, 1996 meeting.

5. Informed the Board that the family of Hermie Balisoro had sent a card to acknowledge

the Board's remembrance of Hermie.

6. Informed the Board that Gary Hiatt would be travelling to Asia and India to do due diligence in the months of August and September.

ACTUARY'S REPORT

Kieran Murphy, Actuary, updated the Board on issues relating to transfer of Probation Officers to PERS.

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 1-96

2. DECISION OF HEARING OFFICER

   a. Woodrow Alexander
   9102 Car Cleaner - Public Utilities Commission/MUNI
   Ordinary Retirement Disability/Stipulation
   Effective Date: March 1, 1996 — Granted

   b. Robert E. Blanchard
   H-10 Chief Operator - Fire Department
   Industrial Disability Retirement/Stipulation — Denied

   c. Catherine Borchelt
   1424 Clerk Typist - Police Department
   Ordinary Retirement Disability
   Effective Date: September 1, 1995 — Granted

   d. Rachael A. Edwards
   2905 Senior Eligibility Worker - Department of Social Services
   Ordinary Disability Retirement
   Effective Date: May 20, 1995 — Granted

e. Earlene Gibson
2634 Cook Manager - S.F. Unified School District
Ordinary Retirement Disability
Effective Date: March 1, 1996 — Granted

f. Joseph B. Jones
9139 Transit Supervisor - Public Utilities Commission
Ordinary Retirement Disability/Stipulation
Effective Date: April 20, 1996 — Granted

g. John A. Land
Q-2 Police Officer - Police Department
Ordinary Retirement Disability
Effective Date: July 1, 1996 — Granted

h. William R. Leet
Q-50 Sergeant - Police Department
Industrial Disability Retirement/Stipulation
Effective Date: October 3, 1992 — Granted

i. Edward B. McDonough
Q-2 Police Officer - Police Department
Industrial Disability Retirement/Stipulation — Denied

j. Cedric L. Wilson
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Retirement Disability
Effective Date: February 2, 1996 — Granted

k. Lacomas Wolfe
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Retirement Disability
Effective Date: September 1, 1994 — Granted

3. PETITION FOR RECONSIDERATION

William R. Setzler — Deny

4. REQUESTS TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Carlos L. Baker

b. Rachael A. Edwards

c. Christopher S. Gonzales

d. Paul Hunter

e. Stephina Waldon-Royster

f. Raquel R. Major

5. RESOLUTION COMMENDING CONSTANCE M. HIATT ON HER SERVICE AS A COMMISSIONER ON THE RETIREMENT SYSTEM BOARD

6. REQUEST AUTHORIZATION FOR HERB MEIBERGER, BOARD MEMBER, TO ATTEND THE MANAGEMENT CIRCLE'S SUMMIT FOR PENSION AND INSTITUTIONAL INVESTMENTS IN REAL ESTATE TO BE HELD IN KEY WEST, FLORIDA ON SEPTEMBER 8-10, 1996

ACTION: 1. It was moved by Breall, seconded by Driscoll to adopt the Consent Calendar except item nos. 3, 6 and 4f; motion passed 7-0.

2. It was moved by Casciato, seconded by Martel to accept the hearing officer's decision to deny request for rehearing of disability retirement application for William Setzler (Item No. 3); motion passed 7-0.

[Supervisor Yaki left the meeting at this time.]

INVESTMENT CALENDAR

(Continuation)

1. RECOMMENDATION TO INVEST UP TO $15 MILLION IN FIRST RESERVE FUND VII, LP

Gary Hiatt, Portfolio Manager, and Linda Lynch of Cambridge Associates provided written and oral reports to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Martel to approve the recommendation to invest up to $15 million in First Reserve Fund VII, LP; motion passed 6-0. (Supervisor Yaki was not present for the vote.)

4. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- At the next Board meeting (August 13, 1996), the investment staff will present its recommendation on the issue of the divestment of tobacco stocks as it relates to the recently passed resolution from the Board of Supervisors and to the Social Policy passed by the Retirement Board.

  The Board members discussed the issue of divesting tobacco-oriented stocks from Equity Index Fund. The Board also heard public testimony from Jean Thomas who stated it would be appropriate to divest holdings in tobacco companies.

- The staff will approve the L & B Core real estate annual investment plan. It is the same as last year's and calls for no new investments and requires that the proceeds of any sales are assigned to the investors.

- Gary Hiatt reported that RREEF has substituted two properties for existing ones in the Sumitomo loan which it has taken out on behalf of the Retirement System. The loan value remains well below the market value of the encumbered properties.

3. PRESENTATIONS OF EMERGING MARKETS DEBT FINALISTS

Bill Nemerever and Tom Cooper of Grantham, Mayo, Van Otterloo & Co.; Allyson P. Huskisson and Eduardo L. Cortes of J.P. Morgan Investment Management; Peter Wilby and Tom Flanagan of Salomon Brothers Asset Management; and Kenneth Brooks, Paul Gharfari and Helen Lewis of Morgan Stanley Asset Management, provided presentations to the Board.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an informational item only; no action was taken.

Divestment of Tobacco-Oriented Stocks from Equity Index Fund: Discussion took place at the Chief Investment Officer's Report.

There being no further business, the Board adjourned its regular meeting at 5:27 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

Note: A transcript was made of the regular meeting by Christine Bricknell of Adams Reporting Services.

City and County of San Francisco

San Francisco City and County
Employees' Retirement System
Office of The Executive Director

MEMORANDUM

notice of Meeting

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August 9, 1996

To: The Retirement Board

From: Clare M. Murphy
General Manager

Subject: **PROSPECTIVE RETIREMENT BOARD MEETING SCHEDULE AND TOPICS**

DATE	TIME	TENTATIVE TOPICS
08/27/96	12:30 p.m.	**Regular Meeting** Strategic Plan Monthly Progress Review Unfinished Business Report Chief Investment Officer's Report Performance Review of the Retirement Fund for the Period Ended June 30, 1996 Staff Recommendation for the Allocation of Funds for the Period Ending November 30, 1996 Selection of Semi-Finalists for Larger Cap Enhanced Value Equity Index Manager ~~External Manager Presentations: Brinson/TCW/RCM~~
09/10/96	12:30 p.m.	**Regular Meeting** Hartford Deferred Compensation Contract Finance Committee Report Chief Investment Officer's Report Larger Cap Enhanced Value Equity Index Manager Presentations

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DATE	TIME	TENTATIVE TOPICS
09/24/96	12:30 p.m.	**Regular Meeting** Strategic Plan Monthly Progress Review Unfinished Business Report Hartford Deferred Compensation Annual Report Finance Committee Report Chief Investment Officer's Report Quarterly Report on Real Estate Performance for the Period Ended June 30, 1996 Real Estate Manager Presentation Larger Cap Enhanced Value Equity Index Selection
10/08/96		**CANCELLED**
10/29/96	12:30 p.m.	**Regular Meeting** Strategic Plan Monthly Progress Review Unfinished Business Report SFERS Draft Annual Report Quarterly Report on Concepts and Status of the Automated Retirement Systems Retirement System Travel Expense Report for the Period Ending September 30, 1996 Chief Investment Officer's Report
11/12/96	12:30 p.m.	**Regular Meeting** Fiscal Year 1995-96 Actuarial Experience Analysis Final SFERS Annual Report Chief Investment Officer's Report Asset Allocation Review for Real Estate and Alternative Investments
11/26/96	12:30 p.m.	**Regular Meeting** Strategic Plan Monthly Progress Review Unfinished Business Report Chief Investment Officer's Report Performance Review of the Retirement Funds for the Period Ending September 30, 1996 Staff Recommendation for the Allocation of Funds for the Period Ending February 28, 1997 External Manager Presentations Alternative Investment Semi-Annual Report

DATE	TIME	TENTATIVE TOPICS
12/10/96	12:30 p.m.	**Regular Meeting** Actuarial Valuation Recommendation of City Contribution Rates for Fiscal Year 1997-98 Reconsideration of City Contribution Rates for Fiscal Year 1996-97 Chief Investment Officer's Report Quarterly Report on Real Estate Performance for the Period Ending September 30, 1996 Annual Manager Investment Plans Annual Update: Strategic Asset Allocation
12/31/96		**CANCELLED**

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MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

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TUESDAY, AUGUST 13, 1996

12:30 P.M.

Present:	Al Casciato	President
	Patricia Martel	Vice President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Leopold Korins	Commissioner
	Herb Meiberger	Commissioner
Absent:	Michael J. Yaki	Supervisor

Clare M. Murphy — General Manager, Retirement System

MINUTES: Minutes of the Special Meeting of June 19, 1996 and Regular Meeting of July 16, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees.

REGULAR CALENDAR

1. INVESTMENT PERFORMANCE ASSESSMENT BY WILLIAM M. MERCER INVESTMENT CONSULTING ON THE CITY AND COUNTY DEFERRED COMPENSATION PLAN

Carol Gleckman, Associate, Mercer Investment Consulting, Inc., presented a written and oral report to the Board on this item. Ms. Gleckman reviewed the percentage participation in each of the investment options and reviewed the performance of each investment option. The fees charged for Deferred Compensation investments were analyzed and found to be at or below average for like programs based on the Wall Street Journal news article.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. President Casciato requested that future reports include an executive summary.

This is an informational item only; no action was taken.

[Commissioner Korins arrived during this item.]

[The rest of the calendar items were heard out of sequence.]

4. RETIREMENT RELATED CHARTER AMENDMENTS PROPOSED FOR NOVEMBER, 1996 BALLOT, CONSIDERATION OF OFFICIAL POSITION

The Board reviewed this item in order to accommodate Kieran Murphy, Actuary, on his jury duty. Mr. Murphy presented a written and oral report to the Board on this item. Dan Maguire, Deputy City Attorney, reviewed the City Attorney's opinion regarding the taking of official position by ballot measure by Boards and Commission. The Board and City Attorney discussed alternatives and President Casciato continued the discussions to the end of the Board meeting.

2. REQUEST FOR APPROVAL OF PROPOSED RETIREMENT BOARD RULE CHANGES

Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Martel, seconded by Meiberger to adopt the Retirement Board Rule changes; motion passed 5-0.

3. QUARTERLY REPORT ON CONCEPTS AND STATUS OF THE AUTOMATED RETIREMENT SYSTEMS

Ron Puff, Information Systems Manager, presented a written and oral report to the Board on this item. Mr. Puff introduced the Information Systems Division and Retirement System development teams who are implementing the PeopleSoft system.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an informational item only; no action was taken.

5. RECOMMENDATION TO DENY WITHDRAWAL OF FUNDS FROM DEFERRED COMPENSATION PLAN: MELVYN D. ASKINS

Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Meiberger to accept staff recommendation to deny the withdrawal of funds of Melvyn D. Askins from Deferred Compensation Plan; motion passed 5-0.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. a. VOLUNTARY RETIREMENT BOARD LIST NO. 2-96

   b. VOLUNTARY RETIREMENT BOARD LIST NO. 3-96

2. DECISION OF HEARING OFFICER

   a. Joan A. Coates
   Teacher - Unified School District
   Ordinary Disability Retirement/Stipulation
   Effective Date: March 1, 1996 — Granted

   b. John P. Clare
   H-2 Firefighter - Fire Department
   Industrial Disability Retirement
   Effective Date: January 6, 1996 — Granted

   c. John R. Donham
   H-20 Lieutenant - Fire Department
   Industrial Disability Retirement/Stipulation
   Effective Date: January 4, 1995 — Granted

   d. Judy M. Hardiman
   Q-2 Police Officer - Police Department
   Industrial Disability Retirement — Denied

   e. Beverly Hubbard
   Teacher - San Francisco Unified School District
   Ordinary Disability Retirement
   Effective Date: May 30, 1996 — Granted

   f. John Johnston
   1410 Chief Clerk - City Attorney
   Ordinary Disability Retirement
   Effective Date: September 28, 1996 — Granted

   g. Benny Jones
   9163 Transit Operator - Public Utilities Commission/MUNI
   Ordinary Disability Retirement/Stipulation
   Effective Date: May 1, 1995 — Granted

   h. Robert J. Jordan
   9163 Transit Operator - Department of Transportation
   Ordinary Disability Retirement/Vesting — Denied

i. Glen D. Miller
1426 Senior Clerk Typist - Unified School District
Ordinary Disability Retirement
Effective Date: March 1, 1995 — Granted

j. Lee Nelder
(Marilyn J. Nelder - Widow)
Q-50 Sergeant - Police Department
Allowance - Death as a Result of Duty
Effective Date: January 6, 1996 — Granted

k. Joseph Peters
9330 Pile Worker - Port Commission
Ordinary Disability Retirement
Effective Date: October 1, 1995 — Granted

l. Jerry N. Puckett
H-2 Firefighter - Fire Department
Ordinary Disability Retirement
Effective Date: November 1, 1993 — Granted

m. Mary Sorich
2615 Cafeteria Worker - San Francisco Unified School District
Ordinary Disability Retirement/Stipulation — Denied

n. James J. Stephens
H-30 Captain - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: April 15, 1996 — Granted

o. Roldan F. Vigil
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: October 3, 1992 — Granted

p. Elnetra Williams
Deputy Sheriff - Sheriff's Department
PERS — Granted

3. REQUESTS TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

A. Individual Requests

a. Dennis Patrick Bouey

b. Linda Collins

c. Harold French

d. Robert Harrell

e. Marty Laguillo

f. Roland Mathias

g. Damien J. McKnight

h. Candace Wong

i. Carolyn Woods

j. Otho Middleton

B. Probation Officer Group Requests

a. Rosadia Escueta

b. Denis J. Fuata

c. Barbara Johnson

d. William Johnston

e. Cheryl Marsh

f. Charles Norman

g. Robert Wertz

h. Evelyn M. Oltman

4. APPLICATION FOR BIRTHDATE CORRECTION

a. Curtis L. Givens

b. Julieta B. Szlachciuk

5. REQUEST TO CANCEL THE DECEMBER 31, 1996 BOARD MEETING

6. a. ACCEPTANCE OF GIFT TO SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM FROM MANAGEMENT CIRCLE TO ATTEND THE SUMMIT FOR PENSION INVESTMENTS IN REAL ESTATE TO BE HELD ON SEPTEMBER 8-10, 1996 IN KEY WEST, FLORIDA

   b. REQUEST FOR AUTHORIZATION BY BOARD MEMBER TO ATTEND THE SUMMIT FOR PENSION INVESTMENTS IN REAL ESTATE TO BE HELD ON SEPTEMBER 8-10, 1996 IN KEY WEST, FLORIDA

7. a. ACCEPTANCE OF GIFT TO SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM FROM INSTITUTE FOR INTERNATIONAL RESEARCH TO ATTEND THE FIRE AND POLICE PENSION FUNDS FORUM GUNS AND HOSES '96 TO BE HELD IN AMELIA ISLAND, FLORIDA ON SEPTEMBER 15-18, 1996

   b. REQUEST FOR AUTHORIZATION FOR BOARD MEMBER TO ATTEND THE FIRE AND POLICE PENSION FUNDS FORUM GUNS AND HOSES '96 TO BE HELD IN AMELIA ISLAND, FLORIDA ON SEPTEMBER 15-18, 1996

ACTION: It was moved by Korins, seconded by Driscoll to adopt the Consent Calendar except item nos. 3Be and 3Bf which were removed from the calendar and with the requirement that participant stop current deferral for 3Aa; motion passed 6-0.

[Commissioner Breall arrived during this item.]

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on and reviewed the following items:

1. The POA negotiations have concluded and the MOU will be forwarded to the Board of Supervisors for approval. The MUNI platform workers are still in negotiations with the City.

2. The Probation Officers past service transfer is proceeding well. Staff has presented six sessions to the group and 35 individuals have already paid their shortages and executed their waivers.

3. The Board members packet included the standard listing of Educational Opportunities as well as a special opportunity to participate in a training seminar jointly sponsored by IFE and CALAPRS. Board members were encouraged to alert staff of their desire to attend and make use of the $1200 scholarships.

4. Richard Adams of Adams Convention Reporting had written to notice the Retirement System that his firm will no longer provide court reporting services effective at the end of August 1996. Staff will bring a recommendation consistent with Board Resolution 50 at the August 27, 1996 meeting.

5. Congress passed pension simplification legislation prior to adjourning. This legislation provides some IRC Section 415 relief to public plans and makes three changes to the 457 provisions. They include indexing the maximum deferral level, restoring the de minimus withdrawal provisions, and allowing second elections regarding payout options. As additional details and the regulations are published, staff will provide updates.

6. The City Attorney had clarified the proper treatment of "gifts" to the System when Board members or staff speak at conferences or seminars.

7. The prospective meeting schedule and topics document is already subject to revision because the quarterly/fiscal year end performance report will be delayed due to outstanding issues from the Bankers Trust to Northern Trust conversion.

ACTUARY'S REPORT

No report was made.

CITY ATTORNEY'S REPORT

No report was made.

INVESTMENT CALENDAR

3. RECOMMENDATION TO INVEST UP TO $30 MILLION IN DLJ MERCHANT BANKING FUND II

Gary Hiatt, Portfolio Manager, and Barbara Lynch of Cambridge Associates presented written reports on this item.

ACTION: It was moved by Driscoll, seconded by Martel to accept the recommendation to invest up to $30 million in DLJ Merchant Banking Fund II; motion passed 6-0.

2. RECOMMENDATION AND SELECTION OF THE EMERGING MARKETS DEBT MANAGER

Richard Piket, Portfolio Manager presented recommendations with respect to the emerging markets debt manager search. Carolyn Hamilton, Chief Investment Officer, and Mr. Piket discussed the item with the Board addressing reasons for the recommendation of a single firm and indicating that further recommendation will occur regarding existing global mandates for Brinson to include emerging market debt.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Korins to adopt staff recommendation to select Grantham, Mayo, Van Otterlo as the manager for $60 million of emerging market debt; motion passed 6-0.

1. REVIEW AND APPROVAL OF REQUEST FOR PROPOSAL FOR REAL ESTATE CONSULTANT

Gary Hiatt, Portfolio Manager, and Brewster Wyckoff, Securities Analyst provided the core questions for the Real Estate Consultant Request for Proposals. Mr. Hiatt indicated that additional material and description of assignment would be required and would be included in the cover communications to potential bidders. Board members were encouraged to provide staff with additional questions or revisions to the RFP as well as names of additional potential bidders.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Meiberger to adopt staff recommendation and add names to the list and amend the request for proposal; motion passed 6-0.

4. REPORT: TOBACCO STOCKS ISSUE

Carolyn Hamilton, Chief Investment Officer, Carl Wilberg, Portfolio Manager and Mark Coleman, Securities Analyst, presented a written and oral report recommending the Board implement a Level I Social Investment Policy for specific tobacco companies in which the Fund is currently invested.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. The Board discussed various aspects of the tobacco stocks issue. The discussion addressed a variety of alternative actions that the Board might consider.

ACTION: It was moved by Meiberger, seconded by Driscoll to direct SFERS to divest from American brands: Loews Corporation, Phillip Morris and U.S. Tobacco; motion failed 1 (Meiberger) - 5 (Breall, Casciato, Driscoll, Korins and Martel).

5. REPORT: FISCAL YEAR BROKERAGE SUMMARY

Michele Misiaszek, Securities Analyst, presented written and an oral report on the total brokerage commissions generated by the Retirement Fund during Fiscal 1996.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an informational item only; no action was taken.

6. REPORT: MONITORING GOOD FAITH EFFORTS WITH MBE/WBE BROKERAGE FIRMS

Carolyn Hamilton, Chief Investment Officer, presented a written and an oral report on the new monitoring program.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an informational item only; no action was taken.

[Commissioner Martel left the meeting at this time.]

7. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Brinson Partners, TCW and RCM will provide presentations at the August 27, 1996 Board meeting.

- At the August 27, 1996 meeting, the Board will receive:
  - new manager guidelines regarding the newly hired managers
  - revised manager guidelines for each of the fixed income asset managers (as a result of restructuring of assignments)
  - asset allocation recommendations.

[Commissioner Driscoll left the meeting at this time.]

BOARD MEMBERS

No report was made.

REGULAR CALENDAR
(Continuation)

4. RETIREMENT RELATED CHARTER AMENDMENTS PROPOSED FOR NOVEMBER, 1996 BALLOT, CONSIDERATION OF OFFICIAL POSITION

The Board discussed the item at further length and President Casciato questioned the current applicability of the Retirement Board rule in light of the City Attorney's Opinion. Dan Maguire, Deputy City Attorney, and Clare Murphy, Executive Director, had discussed the need to review Retirement Board Rule No. 16 the day before. A recommended revision of Retirement Board Rule No. 16 will be presented at a future meeting.

PUBLIC COMMENT

Mr. Winchell Hayward, representative of the Retirees' Bay Areas Guild, Local 21, indicated that he felt that it was important that the Board take a position on the four Charter Amendments.

CONSENT CALENDAR
(Continuation)

ACTION: It was moved by Korins, seconded by Breall to designate Joseph Driscoll as Board member to attend the Fire and Police Pension Funds Forum Guns and Hoses '96 to be held in Amelia Island, Florida on September 15-18, 1996, and Herb Meiberger as Board member to attend the Summit for Pension Investments in Real Estate to be held on September 8-10, 1996 in Key West, Florida; motion passed 4-0.

There being no further business, the Board adjourned its regular meeting at 4:00 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

Note: A transcript was made of the regular meeting by Christine Bricknell of Adams Reporting Services.

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8/27/96

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TUESDAY, AUGUST 27, 1996

12:30 P.M.

Present:	Al Casciato	President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Leopold Korins	Commissioner
	Herb Meiberger	Commissioner
Absent:	Michael J. Yaki	Supervisor
	Patricia Martel	Vice President
	Clare M. Murphy	General Manager Retirement System

MINUTES: Minutes of the Regular Meeting of August 13, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees.

REGULAR CALENDAR

1. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

   Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: No action was taken.

2. UNFINISHED BUSINESS REPORT

   Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: No action was taken.

3. REVIEW AND RECOMMENDATION CONCERNING DEFERRED COMPENSATION PLAN CONTRACT

   Clare Murphy, Executive Director, and Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Breall to table this item until the October 29, 1996 Board meeting; motion passed 5-0.

4. REQUEST FOR SUPPLEMENTAL BUDGET: DEFERRED COMPENSATION

Clare Murphy, Executive Director, and Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Korins to approve the request for supplemental budget of $360,000 for the Deferred Compensation Plan; motion passed 5-0.

[The rest of the calendar was heard out of sequence.]

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 4-96

2. DECISION OF HEARING OFFICER

a. Carmen Little
2322 Head Nurse - Public Health
Ordinary Disability Retirement
Effective Date: November 18, 1995 Granted

b. Thomas J. Regan
2320 Registered Nurse - Public Health/Laguna Honda Hospital
Ordinary Disability Retirement
Effective Date: April 6, 1996 Granted

3. REQUESTS TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Randy Flannery

b. Benjamin McAlister

4. RESOLUTION COMMENDING RICHARD SCHLAICH ON THE OCCASION OF HIS RETIREMENT

ACTION: It was moved by Breall, seconded by Driscoll to adopt the Consent Calendar with an amendment to item no. 3b to reduce the amount approved to $40,000.00; motion passed 5-0.

INVESTMENT CALENDAR

1. STAFF RECOMMENDATION FOR THE ALLOCATION OF FUNDS FOR THE PERIOD ENDING NOVEMBER 30, 1996

Carolyn Hamilton, Chief Investment Officer, presented a written and an oral report to the Board recommending specific allocations of income and assets to fund benefits and new investments.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Korins to approve the staff recommendation; motion passed 5-0.

2. RECOMMENDATION AND SELECTION OF SEMI-FINALISTS FOR DOMESTIC LARGER CAP VALUE ENHANCED INDEX EQUITY MANAGER

Carolyn Hamilton, Chief Investment Officer, Carl Wilberg, Portfolio Manger, and Mark Coleman, Securities Analyst, presented a written and oral report recommending BZW Barclays Global Investors, Goldman Sachs Asset Management, J.P. Morgan Asset Management, and Paradigm Asset Management Co. as semi-finalist to manage a domestic large cap value enhanced equity portfolio.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Driscoll to adopt staff recommendation to select BZW Barclays Global Investors, Goldman Sachs Asset Management, J.P. Morgan Asset Management, and Paradigm Asset Management Co. as semi-finalists to manage a domestic large cap value enhanced equity portfolio; motion passed 5-0.

4. NEW INVESTMENT MANAGER GUIDELINES

Carolyn Hamilton, Chief Investment Officer, presented a written and an oral report to

the Board on new guidelines for existing and recently hired managers. These guidelines will become part of the September 1995 Investment Policy Statement which currently governs the Retirement Fund.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

The Board requested staff to present a recommendation on the portfolio duration for the internal fixed income portfolio and to provide estimates of "tracking error" versus the benchmark.

ACTION: It was moved by Korins, seconded by Breall to approve the modification of manager guidelines for existing and recently hired managers; motion passed 5-0.

5. MODIFICATION OF MANAGER GUIDELINES FOR BRINSON PARTNERS

Staff and consultant presented a written and oral report recommending an expansion of the Global Fixed Income mandate for Brinson Partners to permit investment in Emerging Markets debt.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Korins to approve the modification of manager guidelines for Brinson Partners; motion passed 5-0.

6. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on and reviewed the following items:

1. Ms. Murphy updated the Board members on Probation Officers' transfer of past service to PERS.

2. Informed the Board that Richard Schlaich was retiring after 29 years at SFERS and shared his history with the SFERS.

3. Reviewed with the Board the status of a court reporter for SFERS Retirement meetings and will report to the Board in September on the selection process.

President Casciato requested that a review of Resolution 50 be calendared at the September 10, 1996 meeting.

ACTUARY'S REPORT

No report was made.

CITY ATTORNEY'S REPORT

No report was made.

[Commissioner Korins left the meeting at this time.]

INVESTMENT CALENDAR
(Continuation)

3. EXTERNAL MANAGER PRESENTATIONS: BRINSON PARTNERS, TRUST COMPANY OF THE WEST AND RCM

Representatives from Brinson Partners Inc., Trust Co. of the West and RCM Capital Management presented written and oral reports updating the Board on current performance and investment strategy.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

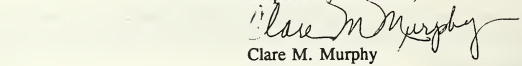
BOARD MEMBERS

Commissioner Breall congratulated Commissioner Joseph Driscoll on his passing of the CFA.

There being no further business, the Board adjourned its regular meeting in the memory of Thomas A. Toomey, Jr., former member

of the Retirement Board and retired Deputy City Attorney, and extends birthday wishes to Clare Murphy, Executive Director, at 3:30 p.m.

Respectfully submitted,



Clare M. Murphy
Executive Director

Note: A transcript was made of the regular meeting by Kellie Summers of Gary and Roomian Reporting.

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TUESDAY, SEPTEMBER 10, 1996

12:30 P.M.

Present:	Patricia Martel	Vice President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Michael J. Yaki	Supervisor
Absent:	Al Casciato	President
	Leopold Korins	Commissioner
	Herb Meiberger	Commissioner
	Clare M. Murphy	Executive Director Retirement System

MINUTES: Minutes of the Regular Meeting of August 27, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

Vice President Martel reviewed the Public Comment procedure for the attendees. No comments were made at this time.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 5-96

2. DECISION OF HEARING OFFICER

   a. Garth B. Collins
   2824 Bureau Chief of Health Promotion and Education
   Ordinary Disability Retirement
   Effective Date: July 5, 1996 — Granted

   b. Tommie Crowson
   7514 General Laborer - Public Works/Hetch Hetchy
   Ordinary Disability Retirement
   Effective Date: December 1, 1995 — Granted

   c. Sherman Franklin
   Retired MUNI Employee
   (Lurlean Franklin - widow)
   Continuation
   Effective Date: November 20, 1994 — Granted

   d. Richard G. Guardino
   8204 Institutional Police Officer - Public Health
   Ordinary Disability Retirement — Denied

e. Kathy C. McLaughlin
1446 Secretary II - Community College
Ordinary Disability Retirement
Effective Date: July 13, 1996 Granted

f. Alfred Meyer
9343 Roofer - Port Commission
Ordinary Disability Retirement
Effective Date: March 1, 1996 Granted

3. PETITION FOR REHEARING

Pyron Stewart
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Disability Retirement/Stipulation Denied

4. REQUESTS TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Mary Joe Foster

b. James E. Galvis

5. APPLICATION FOR BIRTHDATE CORRECTION

Minhchau Vuong

ACTION: It was moved by Breall, seconded by Driscoll to adopt the Consent Calendar; motion passed 4-0.

[The rest of the calendar was heard out of sequence.]

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on and reviewed the following items:

1. Ms. Murphy updated the Board on the Probation Officers past service transfer

2. Lisa Weeks will be the court reporter at the September 24, 1996 Board meeting. Resolution 50 will be calendared for possible amendment on September 24, 1996.

3. Provided a list of the Educational Opportunities.

4. Kathleen Connell, State Controller, invited Ms. Murphy to serve as a member of the Advisory Committee on Public Retirement Systems.

[Supervisor Yaki left the meeting at this time.]

ACTUARY'S REPORT

No report was made.

CITY ATTORNEY'S REPORT

Dan Maguire, Deputy City Attorney, reported on the limitation on ability of members of Boards and Commissions to attend meetings of Committees.

INVESTMENT CALENDAR

1. PERFORMANCE REVIEW OF THE RETIREMENT FUND FOR THE PERIOD ENDED JUNE 30, 1996

   Carolyn Hamilton, Chief Investment Officer, Richard Piket, Portfolio Manager, Carl Wilberg, Portfolio Manager, and Leslie Kautz of Asset Strategy Consulting, presented written and oral reports outlining the performance of the Retirement Fund for the Period ended June 30, 1996.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

3. CHIEF INVESTMENT OFFICER'S REPORT

   a. Proxy Votes

      There were no proxy votes.

   b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

      - $25 million of the AFL-CIO Housing Investment Trust was funded by the sale of a GNMA pool from the Internal fixed income portfolio.

- $10 million of the Grantham, Mayo Van Otterloo Emerging Countries Debt Fund was purchased. The additional allocation of $50 million will be funded over an estimated 5 month period using proceeds from sales of global bonds.

- An additional $10 million was added to the international small cap equities portfolio managed by Capital Guardian.

- Purchase of $15 million of the Capital International Emerging Markets Growth Fund was also completed.

2. PRESENTATIONS OF DOMESTIC LARGER CAP VALUE ENHANCED INDEX EQUITY MANAGERS

Frederick Grauer, Larry Tint and Nancy Feldkircher of BZW Barclays Global Investors; James E. Francis and Eugene J. Duffy of Paradigm Asset Management Co.; Rick Nelson and Allyson P. Huskisson of J.P. Morgan Asset Management Inc., and Robert C. Jones and Lisa A. Rotenberg of Goldman Sachs Asset Management Co. presented written and oral reports on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

BOARD MEMBERS

Commissioner Driscoll informed Board members that he had been approached by the media requesting various information and he referred them to the President and Executive Director.

There being no further business, the Board adjourned its regular meeting at 4:18 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

Note: A transcript was made of the regular meeting by Lisa Weeks of San Francisco Reporting Service.

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9/24/96

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TUESDAY, SEPTEMBER 24, 1996

12:30 P.M.

Present:	Al Casciato	President
	Patricia Martel	Vice President
	Joseph D. Driscoll	Commissioner
	Herb Meiberger	Commissioner
	Michael J. Yaki	Supervisor
Absent:	William Breall, M.D.	Commissioner
	Leopold Korins	Commissioner
	Clare M. Murphy	Executive Director Retirement System

MINUTES: Minutes of the Regular Meeting of September 10, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. No comments were made at this time.

[The rest of the calendar was heard out of sequence.]

REGULAR CALENDAR

5. REQUEST TO AMEND RETIREMENT BOARD RESOLUTION NO. 50

Al Casciato, Retirement Board President, presented a written and oral report to the Board on this item. President Casciato requested the City Attorney to redraft Resolution 50 to delete section relating to taping of Retirement Board meeting. This will be considered at the Board meeting on October 29, 1996. He also requested estimate of the cost of transcribing of meetings from the tape proceedings.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

CITY ATTORNEY'S REPORT

Dan Maguire, Deputy City Attorney, reported on the following:

1. Mr. Maguire reported that Boards and Commissions should not take official positions on election matters as the Board. Individual members may take positions advocating or opposing election issues but must limit their statements to preclude the impression

that their position is an official Retirement Board position. He distributed a memo to the Board.

2. Informed the Board that he is in the process of researching how PERS members were able to have political positions on election matters. He will bring this to the Board.

3. Reported to the Board the limitation on ability of members of Boards and Commissions to attend meetings of Committees.

ACTUARY'S REPORT

Kieran Murphy, Actuary, reported on his recent attendance at a PERS presentation on September 19, 1996 in Sacramento relating to alternative benefit plans. Mr. Murphy agreed to provide the materials from the presentation to Board and staff for review.

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on and reviewed the following items:

1. Ms. Murphy reported that staff will bring to the Board on October 29, 1996 an estimate of transcription costs of Retirement Board meetings and method of recording of the meeting's proceedings.

2. Updated the Board on the 1997 Retirement Board election, provided a list of nominations and informed the Board that the orientation of candidates will be held on October 16, 1996.

3. Updated the Board on the procedures to be followed relating to documentation of gifts to the City for actual travel expenses.

REGULAR CALENDAR
(Continuation)

4. FINANCE COMMITTEE REPORT

Commissioner Driscoll and Clare Murphy, Executive Director, presented an oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. The Board requested the Committee Chairs submit proposed projects for 1997-98 for the Finance Committee to review prior to submission to the Mayor and Board of Supervisors.

This is an information item only; no action was taken.

6. REPORT ON 1996 TAX REPORTING PROCEDURES

Maria Newport and Alyce Wong, presented a written and oral report to the Board on this item.

The Board requested staff a prepare communication to all affected to notify them of SFERS compliance of new IRS provisions.

This is an information item only; no action was taken.

7. TRANSFER OF PROBATION OFFICERS' ASSETS AND LIABILITIES FROM SAN FRANCISCO RETIREMENT SYSTEM TO CALPERS

Kieran Murphy, Actuary, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Martel, seconded by Driscoll to approve the transfer of probation officers' assets and liabilities from SFERS to CALPERS; motion passed 5-0.

(Commissioner Martel and Supervisor Yaki arrived during this item.)

2. UNFINISHED BUSINESS REPORT

Kay Gulbengay, Assistant Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Martel, seconded by Meiberger to add an item directing the City Attorney to review Contra Costa's Retirement System's use of excess earnings; motion passed 5-0.

INVESTMENT CALENDAR

3. RECOMMENDATION TO INVEST UP TO $25 MILLION IN ADVENT VIII, LP

Gary Hiatt, Portfolio Manager, and Matt Lincoln, Cambridge Associates, presented a written and oral report recommending that up to $25 million be invested in Advent VIII, L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Driscoll to accept staff recommendation to invest up to $25 million in Advent VIII, L.P.; motion passed 5-0.

4. RECOMMENDATION TO INVEST UP TO $10.5 MILLION IN KNIGHTSBRIDGE INTEGRATED HOLDINGS III, LTD.

Gary Hiatt, Portfolio Manager; Brewster Wyckoff, Securities Analyst; and Matt Lincoln, Cambridge Associates, will present a written and oral report recommending that up to $10.5 million be invested in Knightsbridge Integrated Holdings III Limited.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Martel, seconded by Driscoll to accept staff recommendation to invest up to $10.5 million in Knightsbridge Integrated Holdings III, Ltd; motion passed 5-0.

5. RECOMMENDATION AND SELECTION OF DOMESTIC LARGER CAP VALUE ENHANCED INDEX EQUITY MANAGER

Carl Wilberg, Portfolio Manager, Mark Coleman, Securities Analyst, and Leslie Kautz of Asset Strategy Consulting, presented a written and oral report recommending the selection of a manager for a large cap value enhanced equity portfolio.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Martel, seconded by Driscoll to select Paradigm Asset Management Co. as the Large Cap Value Enhanced Equity Portfolio Manager; motion passed 4-1. (Meiberger)

[Supervisor Yaki left the meeting at this time.]

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 6-96

2. DECISION OF HEARING OFFICER

   a. Louis Gilbert
   9163 Transit Operator - Public Utilities Commission/MUNI
   Ordinary Disability Retirement
   Effective Date: July 1, 1995 Granted

   b. Gregory Walter, Sr.
   9163 Transit Operator - Public Utilities Commission/MUNI
   Reinstatement
   Effective Date: August 27, 1996 Granted

   c. Frank C. McCoy
   0380 Inspector - Police Department
   Industrial Disability Retirement/Stipulation Denied

3. REQUESTS TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

   Francisco Abarca

ACTION: Commissioner Driscoll requested to remove item 2b to be considered at the October 29, 1996 Board meeting.

It was moved by Driscoll, seconded by Martel to adopt the Consent Calendar except item no. 2b; motion passed 4-0.

BOARD MEMBERS

Commissioner Meiberger reported on his attendance at the Summit for Pension Investments in Real Estate in Key West, Florida on September 8-10, 1996 and Menlo Ventures Annual Meeting in San Francisco, CA on September 17, 1996.

REGULAR CALENDAR
(Continuation)

1. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Martel to add under Improve/Streamline Decision-Making: "By December 31, 1996, the Executive Director will hold a facilitated session for mid-level and junior-level departmental personnel to build teamwork and communication skills and to determine ways to streamline decision-making while maintaining agreed-upon standards of service."; motion passed 4-0 (Supervisor Yaki was not present for the vote.)

3. HARTFORD DEFERRED COMPENSATION ANNUAL REPORT

Peter J. Belardinelli, Field Director, and Andy Kohnke, Vice President of ITT Hartford Investors presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff and Hartford representatives.

This is an information item only; no action was taken.

INVESTMENT CALENDAR
(Continuation)

3. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Scudder, Stevens & Clark, Inc. have changed their portfolio management team in San Francisco. Ms. Dixie J. Ruud has announced her plans to retire from Scudder at the end of this calendar year.

1. QUARTERLY REPORT ON REAL ESTATE PERFORMANCE FOR THE PERIOD ENDED JUNE 30, 1996

Gary Hiatt, Portfolio Manager; Brewster Wyckoff, Security Analyst and Frank Blaschka of Townsend Associates presented a written and an oral report of the performance of the real estate assets in the Fund for the period ended June 30, 1996.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

2. REAL ESTATE MANAGER PRESENTATION OF SCHRODER REAL ESTATE FUND A

Linda Colbert of Schroder Real Estate Fund A presented a written and an oral report updating the Board on current returns and investment strategy.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

There being no further business, the Board adjourned its regular meeting at 3:25 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

Note: A transcript was made of the regular meeting by Rhonda Ross-Brooks of San Francisco Reporting Service.

BF
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10/29/96

MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

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TUESDAY, OCTOBER 29, 1996

12:30 P.M.

Present:	Al Casciato	President
	Patricia Martel	Vice President
	Joseph D. Driscoll	Commissioner
	Leopold Korins	Commissioner
	Herb Meiberger	Commissioner
	Michael J. Yaki	Supervisor
Absent:	William Breall, M.D.	Commissioner
	Clare M. Murphy	Executive Director Retirement System

MINUTES: Minutes of the Regular Meeting of September 24, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. No comments were made at this time.

REGULAR CALENDAR

1. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Martel to table consideration of the strategic plan issue relating to recommendation of retaining Cortex Applied Research to conduct the workshop on the decision making process to the November 12, 1996 Board meeting; motion passed 5-0

2. UNFINISHED BUSINESS REPORT

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: No action was taken.

3. SFERS DRAFT ANNUAL REPORT

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This item will be brought before the Board at the November 12, 1996 meeting in final form for approval.

4. QUARTERLY REPORT ON CONCEPTS AND STATUS OF THE AUTOMATED RETIREMENT SYSTEMS

Ron Puff, Information Systems Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

5. RETIREMENT SYSTEM TRAVEL EXPENSE REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 1996

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

6. AMENDMENT TO DEFERRED COMPENSATION PLAN CONTRACT - CONTINGENT DEFERRED SALES CHARGE

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Martel, seconded by Meiberger to amend the Deferred Compensation Plan contract regarding contingent deferred sales charge; motion passed 5-0.

7. EXTENSION OF ITT HARTFORD'S DEFERRED COMPENSATION PLAN CONTRACT

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board requested staff to send a letter to ITT Hartford expressing Commissioner Driscoll's concerns regarding ITT Hartford's lack of identifying actual investment experience and costs associated with their General Account.

ACTION: It was moved by Meiberger, seconded by Martel to extend ITT Hartford's Deferred Compensation Plan contract until December 31, 1997; motion passed 5-0.

8. AMENDMENT TO RETIREMENT BOARD RESOLUTION NO. 50

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Martel, seconded by Yaki to amend the Retirement Board Resolution No. 50 so that all Retirement Board meetings shall be tape-recorded and retained in a fashion which allows expedited and accurate transcription when directed by the Retirement Board and may be recorded by a certified shorthand reporter at the direction of the President of the Retirement Board; motion passed 6-0.

[Supervisor Yaki arrived during this item.]

9. REQUEST FOR APPROVAL TO ENCLOSE COMBINED CHARITIES CAMPAIGN INFORMATION WITH THE MONTHLY RETIREMENT PAYCHECKS TO THE RETIREES

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Martel, seconded by Yaki to enclose Combined Charities Campaign Information with the monthly retirement paychecks to the retirees; motion passed 5-0.

10. CONSIDERATION OF OFFICIAL POSITION ON PROPOSITION C - RETIRED EMPLOYEE BENEFITS

Commissioner Herb Meiberger presented an oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: Motion was made by Meiberger to adopt a positive position on Proposition C. The motion failed due to lack of second.

11. CONSIDERATION OF OFFICIAL POSITION ON PROPOSITION D - FIREFIGHTER RETIREMENT BENEFITS

Commissioner Herb Meiberger presented an oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: Motion was made by Meiberger to adopt a positive position on Proposition D. The motion failed due to lack of second.

12. CONSIDERATION OF OFFICIAL POSITION ON PROPOSITION E - EMPLOYMENT BENEFITS AND PRACTICES

Commissioner Herb Meiberger presented an oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: Motion was made by Meiberger to adopt a positive position on Proposition E. The motion failed due to lack of second.

EXECUTIVE DIRECTOR'S REPORT

Kay Gulbengay, Executive Assistant, reported on and reviewed the following items:

1. Ms. Gulbengay updated the Board on the Orientation Meeting which was held on October 16, 1996 for the 1997 Retirement Board Candidates.
2. Carolyn Hamilton, Chief Investment Officer, reported on her attendance at the Board of Supervisors Government Efficiency and Labor Committee meeting regarding the proposed resolution of Supervisor Ammiano
3. Ms. Hamilton reported on the Civil Grand Jury meeting.

CITY ATTORNEY'S REPORT

No report was made.

ACTUARY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. a. VOLUNTARY RETIREMENT BOARD LIST NO. 7-96

   b. VOLUNTARY RETIREMENT BOARD LIST NO. 8-96

2 DECISION OF HEARING OFFICER

a. Raymond J. Allen
Sergeant - Police Department
Industrial Disability Retirement/Stipulation — Denied

b. Stevan Balian
Police Officer - Airport Commission
PERS — Granted

c. Hermina Balisoro
Benefits Technician - Retirement System
Ordinary Disability Retirement
Effective Date: June 19, 1996 — Granted

d. Samuel Chestnut
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Disability Retirement/Stipulation
Effective Date: May 1, 1996 — Granted

e. Gary D. Curto
Lieutenant - Fire Department
Industrial Disability Retirement
Effective Date: July 2, 1996 — Granted

f. John B. Drocco
Captain - Fire Department
Industrial Disability Retirement — Denied

g. Denise Gardere
Senior Telephone Operator -City Attorney's Office
Ordinary Disability Retirement
Effective Date: October 7, 1995 — Granted

h. Michael Goldberg
7332 Maintenance Machinist - Purchasing Department
Ordinary Disability Retirement
Effective Date: February 1, 1996 — Granted

i. Glen E. Noland
Sergeant - Sheriff's Department
PERS — Granted

j. Thomas R. O'Brien
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Disability Retirement
Effective Date: To Be Determined — Granted

k. Robert Podjarsky
Deputy Sheriff - Sheriff's Department
PERS — Granted

l. Harvey Pulliam
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Disability Retirement
Effective Date: April 1, 1996 — Granted

m. Bryant Thacker
2908 Hospital Eligibility Worker - Department of Social Services
Ordinary Disability Retirement
Effective Date: August 1, 1996 — Granted

n. Donna Tyree
Police Communication Dispatcher - Police Department
Ordinary Disability Retirement
Effective Date: March 23, 1996 — Granted

o. Gregory Walter, Sr.
Transit Operator - Public Utilities Commission/MUNI
Reinstatement
Effective Date: August 27, 1996 — Granted

3. PETITION FOR REHEARING

Robert J. Jordan
Transit Operator - Department of Transportation
Ordinary Disability Retirement/Vesting — Denied

4. REQUESTS TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Arthur E. Ganoza

b. James M. Jackson

c. Deborah Green

5. REQUEST AUTHORIZATION FOR BOARD MEMBER TO ATTEND THE PUBLIC FUND BOARDS FORUM CONFERENCE TO BE HELD IN SAN FRANCISCO. CA ON NOVEMBER 17-19, 1996

6. a. ACCEPTANCE OF GIFT TO SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT FROM PENSIONS 2000 TO ATTEND THE STRATEGIC PLANNING CONFERENCE TO BE HELD IN TUCSON, ARIZONA ON NOVEMBER 30-DECEMBER 5, 1996

   b. REQUEST AUTHORIZATION FOR BOARD MEMBER TO ATTEND THE PENSIONS 2000 ON STRATEGIC PLANNING CONFERENCE TO BE HELD IN TUCSON, ARIZONA ON NOVEMBER 30-DECEMBER 5, 1996

7. a. ACCEPTANCE OF GIFT TO SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT FROM INSTITUTE FOR INTERNATIONAL RESEARCH TO ATTEND THE REAL ESTATE INVESTMENTS FOR PENSION FUNDS CONFERENCE TO BE HELD IN TUCSON, ARIZONA ON FEBRUARY 1-4, 1997

   b. REQUEST AUTHORIZATION FOR BOARD MEMBER TO ATTEND THE REAL ESTATE INVESTMENTS FOR PENSION FUNDS CONFERENCE TO BE HELD IN TUCSON, ARIZONA ON FEBRUARY 1-4, 1997

ACTION: Commissioner Meiberger requested to remove item 2o on behalf of Commissioner Breall to be considered at the November 12, 1996 Board meeting.

The Board directed Commissioner Meiberger to attend conferences in 6b and 7b. It was moved by Driscoll, seconded by Martel to adopt the Consent Calendar except item no. 2o; motion passed 6-0.

INVESTMENT CALENDAR

1. RECOMMENDATION TO INVEST UP TO $15 MILLION IN ASIA PACIFIC GROWTH FUND III

Gary Hiatt, Portfolio Manager, and Barbara Lynch of Cambridge Associates, presented a written and oral report on this item. H&Q Asia Pacific Growth Fund III, L.P. is a regional private equity investment fund concentrating on several countries in Southeast and South-Central Asia.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Martel to accept staff recommendation to invest up to $15 million in Asia Pacific Growth Fund III.; motion passed 5-0.

[Supervisor Yaki left the meeting at this time.]

2. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- In accordance with proxy guidelines established by the Retirement Board, the staff voted against the Board of Directors nominated by the management of Archer Daniels Midland because the nominees did not appear to be completely independent and may not serve in the best interests of the shareholders.

BOARD MEMBERS

No report was made.

There being no further business, the Board adjourned its regular meeting in memory of Cornelius Murphy, father of Clare Murphy, Executive Director, at 2:30 p.m.

Respectfully submitted,

Kay Gulbengay
Executive Assistant

Note: A transcript was made of the regular meeting by Alisa Abille of San Francisco Reporting Service.

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MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

TUESDAY, NOVEMBER 12, 1996

12:30 P.M.

Present:	Patricia Martel	Vice President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Herb Meiberger	Commissioner

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Absent:	Al Casciato	President
	Leopold Korins	Commissioner
	Michael J. Yaki	Supervisor

Clare M. Murphy — Executive Director
Retirement System

MINUTES: Minutes of the Regular Meeting of October 29, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

Vice President Martel reviewed the Public Comment procedure for the attendees. No comments were made at this time.

REGULAR CALENDAR

1. ACTUARIAL EXPERIENCE ANALYSIS AS OF JUNE 30, 1996

Kieran Murphy, Actuary, and Catherine Cole of Towers Perrin, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Breall to accept the following economic assumptions for fiscal year 1996-97:

Investment Return	8.25%
Wage Increase	4.50%
Price Inflation	3.50%; motion passed 4-0.

2. FINAL SFERS ANNUAL REPORT

Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. The Board directed staff to reconcile the Fund's rate of return for fiscal year 1996.

ACTION: It was moved by Breall, seconded by Driscoll to approve the SFERS Annual Report with pending corrections; motion passed 4-0.

3. STRATEGIC PLAN: RECOMMENDATION TO RETAIN CORTEX APPLIED RESEARCH TO CONDUCT THE WORKSHOP ON THE DECISION-MAKING PROCESS

Commissioner Driscoll presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Driscoll reported that the cost did not include follow-up monitoring.

ACTION: It was moved by Driscoll, seconded by Martel to retain Cortex Applied Research to conduct the workshop on the decision-making process; motion passed 3-1 (Meiberger).

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on and reviewed the following items:

1. Ms. Murphy thanked the Board for adjourning the Retirement Board meeting of November 12, 1996 in memory of her father, Cornelius Murphy.
2. Reported to the Board on the November 5, 1996 Election Results on the passage of Propositions C and D.
3. Provided the Board a list of educational opportunities.
4. Informed the Board members of Holiday Staffing schedules.
5. The Holiday Party is scheduled for December 19, 1996 at the Delancey Street Restaurant from 1:00 p.m. to 4:00 p.m.
6. A letter is being sent to disabled retirees and survivors to explain the SFERS reporting of taxes.
7. Informed the Board that the retirees were already responding to the letter regarding Combined Charities Campaign.
8. Requested the Board to choose a date for the next Strategic Planning Session.
9. Informed the Board of Metric's dinner invitation for December 10, 1996.

CITY ATTORNEY'S REPORT

Kieran Murphy, Actuary, reviewed with the Board on the preliminary funding information for fiscal year 1997-98.

ACTUARY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 9-96

2. DECISION OF HEARING OFFICER

   a. Juanita Anderson
   Teacher - Unified School District
   Ordinary Disability Retirement
   Effective Date: June 18, 1994 Granted

   b. Steve Au-Yang
   2905 Eligibility Worker - Social Services
   Ordinary Disability Retirement
   Effective Date: August 9, 1996 Granted

   c. Joseph A. Barsse
   3417 Gardener - Recreation and Park
   Ordinary Disability Retirement
   Effective Date: December 16, 1995 Granted

   d. Robert A. Fennel
   H-20 Lieutenant - Fire Department
   Industrial Disability Retirement/Stipulation
   Effective Date: July 5, 1996 Granted

e. Walter Gregory, Sr.
Transit Operator - Public Utilities Commission/MUNI
Reinstatement
Effective Date: August 27, 1996 Granted

f. Kenneth Perry
3417 Gardener - Recreation and Park
Ordinary Disability Retirement
Effective Date: July 2, 1996 Granted

g. Quinton Ranjo
3616 Library Technician Assistant I - Public Library
Ordinary Disability Retirement/Vesting
Effective Date: March 1, 1996 Granted

h. Robin Robbins-Wilson
9131 Station Agent - Transportation
Ordinary Disability Retirement
Effective Date: September 1, 1994 Granted

3. PETITION FOR REHEARING

Richard Guardino
Institutional Police Officer - Public Health
Ordinary Disability Retirement Denied

4. REQUESTS TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Ernesto Del Rosario

b. Timothy Holt

c. Veronica Mori

d. Lota D. Nuguid

5. a. ACCEPTANCE OF GIFT TO SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT FROM ROSE INSTITUTE AT CLAREMONT MCKENNA COLLEGE TO ATTEND THE CALIFORNIA ASIAN INVESTMENT

SUMMIT TO BE HELD IN HONG KONG, SHANGHAI, SINGAPORE, KUALA-LUMPUR AND TAIPEI ON JANUARY 10-19, 1997

b. REQUEST AUTHORIZATION FOR TWO REPRESENTATIVES OF SFERS TO ATTEND THE CALIFORNIA ASIAN INVESTMENT SUMMIT TO BE HELD IN HONG KONG, SHANGHAI, SINGAPORE, KUALA-LUMPUR AND TAIPEI ON JANUARY 10-19, 1997

ACTION: 1. It was moved by Breall, seconded by Meiberger to approve the Consent Calendar except item nos. 2e, 5a and 5b; motion passed 4-0.

2. It was moved by Breall, seconded by Meiberger to accept the hearing officer's decision to reinstate Gregory Walter with stipulation that the letter be sent to Public Utilities Commission requesting a medical re-evaluation every six months be conducted commencing June 1, 1997; motion passed 4-0.

3. It was moved by Driscoll, seconded by Breall to accept the gift from Claremont McKenna College and authorize one representative, President Al Casciato, to attend the California Asian Investment Summit; motion failed 2-2 (Driscoll, Breall-yes)(Martel, Meiberger-no).

INVESTMENT CALENDAR

I. REPORT ON BROKERAGE COMMISSIONS GENERATED BY THE FUND DURING THE QUARTER ENDED SEPTEMBER, 1996

Carolyn Hamilton, Chief Investment Officer, and Michele Misiaszek, Securities Analyst, presented a written and oral report to the Board on the total brokerage commissions generated by the Retirement Fund during the third quarter 1996.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

2. RECOMMENDATION OF BROKERAGE FIRMS FOR THE COMMISSION RECAPTURE PROGRAM

Michele Misiaszek, Securities Analyst, presented a written and oral report to the Board on the brokerage recommendations for the commission recapture program.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Driscoll to approve staff recommendation; motion passed 4-0.

3. RECOMMENDATION TO APPROVE GUIDELINES FOR NEW MANAGERS: GRANTHAM, MAYO, VAN OTTERLOO & CO. AND PARADIGM ASSET MANAGEMENT

Carolyn Hamilton, Chief Investment Officer, presented written and oral report recommending that the Board approve the investment guidelines for both Grantham, Mayo, Van Otterloo & Co. and Paradigm Asset Management

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Breall to approve staff recommendation; motion passed 4-0.

4. RECOMMENDATION TO INVEST UP TO $35 MILLION IN VESTAR CAPITAL PARTNERS III, L.P.

Gary Hiatt, Portfolio Manager, and Linda Lynch of Cambridge Associates presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Breall to approve staff recommendation; motion passed 3-0 (Commissioner Meiberger was not present for the vote).

5. PRELIMINARY RECOMMENDATION OF 1997 REAL ESTATE ALLOCATION

Gary Hiatt, Portfolio Manager, Brewster Wyckoff, Securities Analyst, and Frank Blaschka of the Townsend Group presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Meiberger to approve staff recommendation; motion passed 4-0.

6. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Recent Company Proxies Voted by the Staff in Accordance with Board Approved Guidelines: Bell Atlantic merger with Nynex and Enron merger with Portland General.

BOARD MEMBERS

No report was made.

There being no further business, the Board adjourned its regular meeting in memory of Charles Korins, father of Commissioner Lee S. Korins, at 2:50 p.m.

Respectfully submitted.

Clare M. Murphy
Executive Director

MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

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TUESDAY, NOVEMBER 26, 1996

12:30 P.M.

Present:	Al Casciato	President
	Patricia Martel	Vice President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Herb Meiberger	Commissioner
Absent:	Leopold Korins	Commissioner
	Michael J. Yaki	Supervisor
	Clare M. Murphy	Executive Director Retirement System

MINUTES: Minutes of the Regular Meeting of November 12, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. No comments were made at this time.

REGULAR CALENDAR

1. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

   Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Meiberger requested information on "Improving Investment Performance" on improving the Sharpe Ratio.

   ACTION: It was moved by Meiberger, seconded by Driscoll to adopt the strategic plan monthly progress review; motion passed 4-0.

2. UNFINISHED BUSINESS REPORT

   Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff

   ACTION: It was moved by Driscoll, seconded by Breall to adopt the unfinished business report; motion passed 4-0.

3. SELECTION OF ALTERNATE REPRESENTATIVE TO THE INSTITUTE FOR THE STUDY OF PENSION SYSTEMS

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Breall to select Commissioner Herb Meiberger as the alternate representative to the Institute for the Study of Pension Systems; motion passed 4-0.

4. REPORT ON SFERS ANNUAL REPORT

No report was made. This item will be calendared at a later date.

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy reviewed with the Board the budget process and schedules.
2. Reviewed with the Board the possibility of canceling the January 14, 1997 Board meeting. The request to cancel the January 14, 1997 meeting will be calendared at the December 10, 1996 meeting.
3. Discussed with the Board scheduling of Cortex decision making process, timelines and dates of availability. Ms. Murphy will provide a memo to the Board members with these dates.
4. Informed the Board of the Holiday Party on December 19, 1996.

[Commissioner Martel arrived during this item.]

ACTUARY'S REPORT

Kieran Murphy, Actuary, presented to the Board a preliminary preview of valuation report to be calendared on December 10, 1996. Mr. Murphy reviewed the funding costs for the next 15 years for the plan.

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 10-96

2. DECISION OF HEARING OFFICER

   a. Arthur Ganoza
   7335 Senior Stationary Engineer - Airport Commission
   Ordinary Disability Retirement
   Effective Date: October 5, 1996 Granted

   b. Joseph F. McAndrew
   7345 Electrician - Public Works
   Ordinary Disability Retirement
   Effective Date: June 1, 1996 Granted

   c. Floyd Moore
   9163 Transit Operator - Public Utilities Commission/MUNI
   Ordinary Disability Retirement/Stipulation
   Effective Date: June 22, 1996 Granted

   d. Donna Teshima
   Attorney - Public Defender's Office
   Ordinary Disability Retirement
   Effective Date: November 2. 1996 Granted

   e. Edmund Dea
   5236 Assistant Electrical Engineer - Public Utilities Commission
   Ordinary Disability Retirement
   Effective Date: March 1, 1996 Granted

3. REQUESTS TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

   a. Esmeralda C. Arceo

   b. Pio Cano

   c. Stephina Waldon

4. APPLICATION FOR BIRTHDATE CORRECTION

Miguel Navarro

5. REQUEST FOR DESTRUCTION OF RECORDS: PUBLIC UTILITIES COMMISSION

ACTION: It was moved by Breall, seconded by Driscoll to approve the Consent Calendar; motion passed 5-0.

INVESTMENT CALENDAR

1. PERFORMANCE REVIEW OF THE RETIREMENT FUND FOR THE PERIOD ENDING SEPTEMBER 30, 1996

Carolyn Hamilton, Chief Investment Officer, Richard Piket, Portfolio Manager, Carl Wilberg, Portfolio Manager, and Leslie Kautz of Asset Strategy Consulting presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Meiberger requested resolution of the Fund's performance for FY 996.

This is an information item only; no action was taken.

2. RECOMMENDATION FOR THE ALLOCATION OF FUNDS FOR THE PERIOD ENDING FEBRUARY 28, 1997

Carolyn Hamilton, Chief Investment Officer, presented a written and oral report to the Board recommending specific allocations of income and assets to fund benefits and new investments.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Martel to adopt staff's recommendation; motion passed 5-0.

3. ALTERNATIVE INVESTMENT SEMI-ANNUAL REPORT

Gary Hiatt, Portfolio Manager, and Linda Lynch and Barbara Lynch, Cambridge Associates, presented the Semi-Annual Review of Alternative Investments.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

4. RECOMMENDATION TO ADOPT THE 1997 ALTERNATIVE INVESTMENT ANNUAL INVESTMENT PLAN

Gary Hiatt, Portfolio Manager, and Linda Lynch and Barbara Lynch, Cambridge Associates, presented a written and oral report recommending that the Board approve the 1997 Investment Plan for Alternative Investments.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: No action was taken. This item was continued to December 10, 1996 Board meeting. The Board requested further information and review by staff.

5. RECOMMENDATION TO INVEST UP TO $15 MILLION IN BATTERY VENTURES IV, L.P.

Gary Hiatt, Portfolio Manager and Linda Lynch and Barbara Lynch of Cambridge Associates will present a written and oral report to the Board recommending that up to $15 million be invested in Battery Ventures IV, L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Martel to invest up to $15 million in Battery Ventures IV, L.P.; motion passed 4-0.

6. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Report on 2 recent company proxies voted by the Staff in accordance with Board approved guidelines: the merger of SFX Broadcasting with Multi-Market Radio Inc. and the merger of Ensearch Corp. with Texas Utilities, Co.
- The Staff is currently working with Northern Trust to develop a series of dedicated cash management accounts: STIF, STEP and STAGE. Staff believes that these will enable the Fund to increase its income on managed cash reserves. The guidelines will be presented at a subsequent Board meeting.
- Larry Davanzo of Asset Strategy and Carolyn Hamilton, Chief Investment Officer, were successful in negotiating a new graduated fee arrangement with Nicholas Applegate, the Fund's small cap equity manager. Previously, the fee had been 1.00% of assets which is high compared to other managers with similar styles. The new arrangement which was agreed to orally will result in a fee of 0.80% for the current level of assets or a savings of $700,000 per year in fees at that level.

[Commissioner Martel left the meeting at this time.]

7. INVESTMENT MANAGER PRESENTATIONS: SCUDDER, STEVENS & CLARK; ARK ASSET MANAGEMENT CO., INC.; AND DIETCHE & FIELD ADVISERS, INC

Victor Hymes, Christopher Gootkind and Dixie Ruud of Scudder, Stevens & Clark; Lincoln Field of Dietche & Field Advisors; and Scott Higgins and Charles Hetzel of Ark Asset Management Co. Inc. presented written and oral reports updating the Board on current performance and investment strategy.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

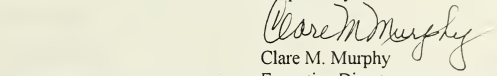
BOARD MEMBERS

Commissioner Meiberger and President Casciato reported on Public Funds Board's Forum Conference in San Francisco, CA.

President Casciato reviewed with the Board the recent request for gift acceptance to the Asia Investment Summit and the need to identify the appropriate staff member who will be able to represent SFERS in this area for future requests.

There being no further business, the Board adjourned its regular meeting, at 4:25 p.m.

Respectfully submitted,



Clare M. Murphy
Executive Director

MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

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TUESDAY, DECEMBER 10, 1996

12:30 P.M.

Present:	Al Casciato	President
	Patricia Martel	Vice President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Leopold Korins	Commissioner
	Herb Meiberger	Commissioner
	Michael J. Yaki	Supervisor

Clare M. Murphy — Executive Director
Retirement System

MINUTES: Minutes of the Regular Meeting of November 26, 1996.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. No comments were made at this time.

REGULAR CALENDAR

1. PRESENTATION OF ACTUARIAL VALUATION

Kieran Murphy, Actuary, and Catherine Cole, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff

ACTION: It was moved by Korins, seconded by Breall to adopt the actuarial valuation; motion passed 6-0.

[Commissioner Driscoll and Supervisor Yaki arrived during this item.]

2. RECOMMENDATION OF CITY CONTRIBUTION RATES FOR FISCAL YEAR 1997-98

Kieran Murphy, Actuary, and Catherine Cole, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Breall to approve staff's recommendation of City contribution rates for fiscal year 1997-98 to be 0%; motion passed 6-0.

3. RECONSIDERATION OF CITY CONTRIBUTION RATES FOR FISCAL YEAR 1996-97

Kieran Murphy, Actuary, and Catherine Cole, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Korins to adopt the 1996-97 City contribution rates as recommended by staff with the changes to effective for the pay period as follows: 12/25/96 for SFUSD payroll and 12/28/96 for SFCCD payroll; motion passed 6-0.

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy reported that the final version of the Annual Report will be before the Board on January 29, 1997. The Board urged staff and consultant to continue with efforts to review difference in performance.
2. Gave the Board the forward calendar of future Retirement Board meeting dates. Commissioner Korins requested to change January 28, 1997 to January 29, 1997 and March 25, 1997 to March 26, 1997 meeting dates.
3. Reported that the Supplemental Appropriation for Deferred Compensation Plan Administration was passed for second-reading on December 9, 1996 and will be calendared on December 16, 1996 for final passage before the Board of Supervisors.
4. Reported on the recent Team Building session for SFERS staff which was held on December 6, 1996 and informed the Board that the remaining staff members will attend a Team Building session on February 19, 1997.
5. Reported to the Board that Electronic Fund Transfer and Data Transfer for Deferred Compensation had been completed on December 10, 1996.
6. Informed the Board that she had been elected to CALAPRS and reminded the Board of the March date for the CALAPRS meeting.
7. Ms. Murphy extended holiday wishes to the Board from SFERS staff.

[Commissioner Martel arrived during this item.]

CITY ATTORNEY'S REPORT

Dan Maguire, Deputy City Attorney, reported that a number of legal issues have been identified with the passage of Proposition C and D. He will review the ordinance and bring it back to the Board on January 29, 1997.

Officer Terry Hart reported to the Board on the legal issues regarding Proposition C.

ACTUARY'S REPORT

Kieran Murphy, Actuary, reviewed with the Board remarks made at the actuarial presentation.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 11-96

2. DECISION OF HEARING OFFICER

   David O. Wormell
   H-20 Lieutenant - Fire Department
   Industrial Disability Retirement/Stipulation — Denied

3. PETITION FOR REHEARING

   a. Sheila Fletcher
      1244 Senior Personnel Analyst - Public Health/San Francisco General Hospital
      Ordinary Disability Retirement — Denied

   b. Judy M. Hardiman
      Q-2 Police Officer - Police Department
      Industrial Disability Retirement — Denied

4. REQUEST TO CANCEL THE JANUARY 14, 1997 BOARD MEETING

ACTION: It was moved by Breall, seconded by Martel to approve the Consent Calendar; motion passed 7-0.

INVESTMENT CALENDAR

1. QUARTERLY REPORT ON REAL ESTATE PERFORMANCE FOR THE PERIOD ENDING SEPTEMBER 30, 1996

   Gary Hiatt, Portfolio Manager, and Frank Blaschka of the Townsend Group presented the Quarterly Review of Real Estate Investments.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

[Supervisor Yaki left the meeting at this time.]

2. RECOMMENDATION TO ADOPT THE REAL ESTATE ANNUAL MANAGER INVESTMENT PLANS

   Gary Hiatt, Portfolio Manager, and Frank Blaschka, The Townsend Group, presented the 1997 Manager Investment Plans for AMB, RREEF, and Metric Individually Managed Accounts, including allocations of up to $15 million each to AMB and RREEF and reinvestment of up to $13 million for AMB (total of $28 million), $19 million for Metric (total of $19 million), and $6 million for RREEF (total of $21 million).

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: It was moved by Breall, seconded by Martel to adopt staff's recommendation; motion passed 6-0.

3. RECOMMENDATION TO ADOPT ALTERNATIVE INVESTMENT PLAN

   Gary Hiatt, Portfolio Manager, and Linda Lynch, Cambridge Associates, presented a written and oral report recommending that the Board approve the 1997 Investment Plan for Alternative Investments.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Meiberger to approve the 1997 Investment Plan for Alternative Investments as revised; motion passed 6-0.

4. RECOMMENDATION TO INVEST UP TO $25 MILLION IN CASTLE HARLAN PARTNERS III, L.P.

Gary Hiatt, Portfolio Manager, and Linda Lynch of Cambridge Associates, presented a written and oral report recommending that up to $25 million be invested in Castle Harlan Partners III, L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Martel to invest up to $25 million in Castle Harlan Partners III, L.P.; motion passed 6-0.

5. RECOMMENDATION TO APPROVE MANAGER GUIDELINES FOR NEW CASH MANAGEMENT ACCOUNTS AND CHANGES IN MANAGER INVESTMENT PLANS FOR COMMERCIAL MORTGAGE MANAGERS

Dick Piket, Portfolio Manager, and Frank Blaschka of the Townsend Group presented an oral and written report discussing the guidelines for the two new dedicated cash management accounts - STIF and STEP and changes in the Manager Investment Plans for the commercial mortgage managers to enable them to retain and invest income from the accounts.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Martel, seconded by Driscoll to approve manager guidelines; motion passed 6-0.

6. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- The following proxies were voted by staff in accordance with Board approved guidelines: Infinity Broadcasting merger with Westinghouse CBS Radio and American Travelers Corp. merger with Conseco.
- The CIO recommended that beginning in March 1997 the real estate performance review will be presented on a semi-annual schedule similar to alternative investments. The real estate report has previously been submitted to the Board on a quarterly basis.
- Income from securities lending through June, 1996 had increased from the $300,000 per month level achieved with Bankers Trust to the $350,000 monthly level through Northern Trust. Since then, the level has increased to approximately $400,000 per month.

[Commissioner Martel left the meeting at this time.]

BOARD MEMBERS

Commissioner Breall congratulated Commissioner Driscoll on his promotion to Lieutenant in the San Francisco Fire Department.

Commissioner Driscoll informed the Board that the Finance Committee meeting will be held on December 18, 1996 if they needed items discussed at that time.

President Casciato discussed with the Board the issues of anonymous letters and the need to keep them in a separate file.

There being no further business, the Board adjourned its regular meeting, at 3:15 p.m.

Respectfully submitted,

Clare M. Murphy

Clare M. Murphy
Executive Director

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12/18/96

MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

WEDNESDAY, DECEMBER 18, 1996

12:30 P.M.

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FINANCE COMMITTEE

Present:	Joseph D. Driscoll	Chair
	Patricia E. Martel	Commissioner
Absent:	Al Casciato	Commissioner
	Clare M. Murphy	Executive Director Retirement System

MINUTES: Minutes of the Finance Committee Meeting of September 11, 1996.

RETIREMENT BOARD

FINANCE COMMITTEE

PUBLIC COMMENT

Commissioner Driscoll reviewed the Public Comment procedure for the attendees. No comments were made at this time.

1. REVIEW OF SFERS EXPENDITURES FOR JULY 1, 1996 THROUGH YEAR END SEPTEMBER 30, 1996

   Clare Murphy, Executive Director, and Les Win, Chief Accountant, reported and updated the Committee members on the SFERS expenditures for July 1, 1996 through year end September 30, 1996.

   The Committee reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

2. TRANSITION AUDIT REPORT

   Clare Murphy, Executive Director, and Les Win, Chief Accountant, updated the Committee members that the transition is still ongoing.

   The Committee reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

3. PREPARATION FOR 1997-1998 BUDGET

   Clare Murphy, Executive Director, and Les Win, Chief Accountant, reviewed and discussed the need budget instructions.

   The Committee discussed the issue of pre-retirement counseling and requested staff to include funds for this task in the 1997 budget request.

   This is an information item only; no action was taken.

4. FINANCIAL AUDIT REPORT AND MANAGEMENT LETTER

Clare Murphy, Executive Director, and Les Win, Chief Accountant, reported that the financial audit report and management letter had not been received to-date

The Committee reviewed and discussed the material and engaged in a question and answer session with staff. . This item will be calendared for the January 22, 1997 meeting.

This is an information item only; no action was taken.

5. UPDATE ON SUPPLEMENTAL BUDGET: DEFERRED COMPENSATION PLAN

Clare Murphy, Executive Director, reported that the supplemental appropriation was being introduced at the Board of Supervisors for action.

The Committee reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

There being no further business, the Committee adjourned its special meeting at 1:30 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

y and County of San Francisco

San Francisco City and County
Employees' Retirement System
Office of The Executive Director

MEMORANDUM

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December 24, 1996

To: The Retirement Board

From: Clare M. Murphy
Executive Director

Subject: **PROSPECTIVE RETIREMENT BOARD MEETING SCHEDULE AND TOPICS**

DATE	TIME	TENTATIVE TOPICS
01/14/97	12:30 p.m.	**CANCELLED**
01/29/97 Wednesday	12:30 p.m.	**Special Meeting** Strategic Plan Monthly Progress Review Unfinished Business List Budget Review for Fiscal Year 1997-98 Finance Committee Report Update and Report on Pre-tax Buyback Proposal Report on Legal Issues: Proposition C & D Recommendation on Real Estate Consultant's Request for Proposal Search Annual Update: Strategic Asset Allocation
02/11/97	12:30 p.m.	**Regular Meeting** Quarterly Report on Concepts and Status of the Automated Retirement Systems Retirement System Travel Expense Report for the Period Ending December 31, 1996 Budget Review for Fiscal Year 1997-98 Proxy Review: Policies and Annual Summary Quarterly Brokerage Review

(415) 554-1520 1155 Market Street San Francisco 94103

02/25/97	12:30 p.m.	**Regular Meeting** Strategic Plan Monthly Progress Review Unfinished Business List Review of the Statement of Economic Interest Performance Review of the Retirement Fund for the Period Ending December 31, 1996 Recommendation for the Allocation of Funds for the Period Ending May 31, 1997 Investment Manager Presentations: Capital Guardian,/Merc/McCAC
03/11/97	12:30 p.m.	**Regular Meeting** Election of Officers Cost of Living Adjustment for Retirees Real Estate Consultant Presentations
03/26/97 Wednesday	12:30 p.m.	**Regular Meeting** Strategic Plan Monthly Progress Review Unfinished Business List Chief Investment Officer's Report Quarterly Report on Real Estate Performance for the Period Ending December 31, 1996 Real Estate Manager Presentation: AMB Recommendation on Selection of Real Estate Consultant

City and County of San Francisco

San Francisco City and County
Employees' Retirement System
Office of The Executive Director

CANCELLED MEETING

Notice is hereby given that the regularly scheduled meeting of the RETIREMENT BOARD MEETINGS for Tuesday, January 14, 1997 and January 28, 1997 at 12:30 p.m. have been cancelled. The Retirement Board will hold a Special Meeting on Wednesday, January 29, 1997 at 12:30 p.m. in the Retirement Board Room, 1155 Market Street, 2nd Floor, San Francisco, CA.

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Clare M. Murphy
Executive Director

City and County of San Francisco

San Francisco City and County
Employees' Retirement System
Office of The Executive Director

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MEMORANDUM

January 22, 1997

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To: The Retirement Board

From: Clare M. Murphy
Executive Director

Subject: **1997 RETIREMENT BOARD MEETING DATES**

Please find below the tentative dates for your information.

1997 RETIREMENT BOARD MEETING DATES

January	29	July	8
February	11	July	29
February	25	August	12
March	11	August	26
March	26	September	9
April	8 & 9	September	30
April	29	October	14
May	13	October	28
May	27	November	11 (Holiday)
June	10	November	25
June	24	December	9
		December	30

1997 FINANCE COMMITTEE MEETING DATES

May 21, 1997
July 16, 1997
October 22, 1997
January 21, 1998

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MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

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TUESDAY, JANUARY 29, 1997

12:30 P.M.

Present:	Al Casciato	President
	Patricia Martel	Vice President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Leopold Korins	Commissioner
	Herb Meiberger	Commissioner
	Michael J. Yaki	Supervisor
	Clare M. Murphy	Executive Director Retirement System

MINUTES: Minutes of the Regular Meeting of December 10, 1996.

ACTION: Approved as amended.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. No comments were made at this time.

[The calendar was heard out of sequence.]

CITY ATTORNEY'S REPORT

Dan Maguire, Deputy City Attorney, discussed and updated the Board regarding the legal issues relating to the passage of Propositions C and D. Mr. Maguire advised as follows:

- Disability retirees who reach QSR after December 20, 1996 [the effective date of Proposition D] should have their QSR adjustments calculated under the provisions of Proposition D.
- Whether the Proposition D formula should be used for the calculations of the community property shares for non-member spouses depends on the terms of the particular domestic relations order.
- Firefighters cannot "opt" from one pension plan to another. Specific facts are needed to advise the Retirement Board when membership ceases in one plan and begins in another.
- The "buy-out" provisions in the Charter state that any subsequent plan improvements shall not "apply to those persons transferring pursuant to this section unless separately approved by the electorate in a separate Charter Amendment" (see A8.559-15 and A8.585.15).

  Propositions C and D did not cover the firefighters (or police officers) who took the "buy-out". Consequently, the new enhancements provided by Propositions C and D cannot be applied to those firefighters (or police officers) who opted into Tier II under the "buy-out" provisions of the Charter.

  Local 798 was reminded that a proposal that covers the buy-out" firefighters has been drafted and is pending with the Board of Supervisors for the June 1997 election (Board of Supervisors' File No. 286-96-001).

Jim Ahern, President of Firefighter's Local 798, Gene Ahern, San Francisco firefighter, Police Officers Terry Hart and Paul Liebert were present and discussed their concerns. Jim Ahern and Officer Hart requested that the City Attorney forward copies of any public information used in reaching his opinions.

Mr. Maguire reported and updated the Board on the Pre-tax Buyback proposals.

REGULAR CALENDAR

1. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Meiberger discussed his continued dissatisfaction with staff performance regarding improving the Sharpe ratio of the total portfolio by at least 1% without reducing projected total return.

ACTION: No action was taken. The Board deferred further discussion on this item until the Investment Calendar Item No. 2, Annual Strategic Asset Allocation.

[Supervisor Yaki arrived during this item.]

2. UNFINISHED BUSINESS LIST

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: 1. The Board deleted items regarding ITT Hartford issues.

2. Commissioner Korins requested an interim report on the resolution of market values and investment return cash flows be brought back to the Board on March 26, 1997 meeting. The

Chief Investment Officer, Actuary, Chief Accountant will make a report to the Board.

3. FINANCE COMMITTEE REPORT

Commissioner Driscoll and Clare Murphy, Executive Director, presented an oral report to the Board on this item. Commissioner Driscoll reviewed with the Board the Mayor's budget instruction for the 1996-97 City and County budget. The Finance Committee will continue to monitor the Custodian transition.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

4. BUDGET REVIEW FOR FISCAL YEAR 1997-98

Clare Murphy, Executive Director, reported to the Board that the budget will be brought back to the Board on February 11, 1997 for action. They will be acting on two budgets: "Cost to Continue" budget and a "New Initiatives" budget according to the Mayor's budget instructions.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

[Commissioner Martel arrived during this time.]

5. FINAL ADOPTION OF THE ANNUAL REPORT

Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Driscoll requested that a footnote be placed on current annual report and next year's annual report to explain discrepancies in asset values. Commissioner Korins requested an interim report on the resolution on the discussions between staff and consultant in an attempt to clarify differences by March 26, 1997. (See Unfinished Business List)

ACTION: It was moved by Casciato, seconded by Martel to adopt the Annual Report; motion passed 6-1 (Meiberger).

6. REQUEST TO INCLUDE THE CITY STORE FLYER IN THE RETIREES' MONTHLY PENSION CHECK MAILING

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Martel to approve the request to include the City Store flyer in the retirees' monthly pension check mailing; motion passed 7-0.

7. REQUEST AUTHORIZATION FOR HERB MEIBERGER, BOARD MEMBER TO ATTEND THE INSTITUTIONAL REALTY ADVISORY MEETING TO BE HELD IN MONTEREY, CA ON FEBRUARY 19-21, 1997

Clare Murphy, Executive Director, reported that this request did not fall into the SFERS Travel Policy.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Meiberger added that Commissioner Peter Ashe had attended this conference in the past. The question of this conference being educational was debated.

ACTION: It was moved by Casciato, seconded by Yaki to table this item with further review and information; motion passed 5-2 (Breall, Meiberger).

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy provided the Board with a list of educational opportunities.
2. Informed the Board that a formal investigation of issues in recent newspaper articles is being conducted by the Executive Director and City Attorney.
3. Reported that the Retirement ballots have been delivered and approximately 5,000 ballots have been returned to be counted. The last day to vote is January 31, 1997.

4. Reported that a travel request from Commissioner Korins was inadvertently left off the calendar for approval. Request for his attendance at the RREEF Conference will be placed on February 11, 1997 calendar for retroactive approval.

5. Informed the Board that Commissioner Korins has requested to cancel the May 27, 1997 and reschedule to Wednesday, May 28, 1997. This request will be calendared for February 11, 1997 meeting.

6. Reported to the Board that 1996-97 collective bargaining between the City and County and 25 labor organizations has begun and will require much of SFERS staff time.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. a. VOLUNTARY RETIREMENT BOARD LIST NO. 12-96

   b. VOLUNTARY RETIREMENT BOARD LIST NO. 13-96

   c. VOLUNTARY RETIREMENT BOARD LIST NO. 14-96

2. DECISION OF HEARING OFFICER

   a. Evelyn Davis
   1404 Clerk Typist - San Francisco Unified School District
   Ordinary Disability Retirement
   Effective Date: March 1, 1996 Granted

   b. Templeton D. Fountaine, Jr.
   9163 Transit Operator - Public Utilities Commission/MUNI
   Ordinary Disability Retirement/Stipulation
   Effective Date: July 1, 1996 Granted

   c. Freda Hairston
   2770 Senior Laundry Worker - Public Health/San Francisco General Hospital
   Ordinary Disability Retirement
   Effective Date: September 1, 1996 Granted

d. Kazuo Kusuhara
8226 Museum Guard - Fine Arts
Ordinary Disability Retirement
Effective Date: July 16, 1996 Granted

e. Jay C. Larson
3417 Gardener - Recreation and Park
Ordinary Disability Retirement
Effective Date: March 1, 1996 Granted

f. James P. Olson
0150 Deputy Chief - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: January 13, 1996 Granted
[*Petition for Rehearing filed to meet deadline*]

g. Paul Peralta
3417 Gardener - Recreation and Park
Ordinary Disability Retirement
Effective Date: January 1, 1996 Granted

h. Edward Robinson
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Disability Retirement/Stipulation
Effective Date: April 1, 1996 Granted

i. Grady Rockmore, Jr.
2708 Custodian - San Francisco Unified School District
Ordinary Disability Retirement/Stipulation
Effective Date: August 21, 1996 Granted

j. Richard Settle
3417 Gardener - Public Works
Ordinary Disability Retirement
Effective Date: July 1, 1996 Granted

k. Heidi Snowden
2322 Head Nurse - Public Health/Laguna Honda Hospital
Ordinary Disability Retirement/Vesting
Effective Date: June 14, 1996 Granted

l. Daniel Steward
1426 Senior Clerk Typist - Social Services Department
Ordinary Disability Retirement
Effective Date: February 27, 1995 Granted

m. John Van Den Berg
Airport Police Officer - Airport Commission
PERS Granted

3. PETITION FOR REHEARING

Mary M. Sorich
2615 Cafeteria Worker - San Francisco Unified School District
Ordinary Disability Retirement/Stipulation Denied

4. DECISION AFTER RECONSIDERATION

Ernest H. Taylor
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Disability Retirement Denied

5. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Dorothy Brown

b. John Minnick

c. Danita Reagan

d. Lloyd Samuel Rubin

6. APPLICATION FOR BIRTHDATE CORRECTION

a. Siu Ling A. Mak

b. Sixta M. Santiago

7. REQUEST TO CANCEL THE MARCH 25, 1997 BOARD MEETING AND RESCHEDULE MEETING TO MARCH 26, 1997

ACTION: The City Attorney requested to remove Item No. 2f. The City Attorney has requested a rehearing and will report to the Board at a later meeting.

It was moved by Breall, seconded by Martel to approve the Consent Calendar except Item No. 2f; motion passed 7-0.

INVESTMENT CALENDAR

1. RECOMMENDATION OF REAL ESTATE CONSULTANT FINALISTS

Gary Hiatt, Portfolio Manager, and Brewster Wyckoff, Securities Analyst, presented a report recommending that the Board approve the Real Estate Consultant finalists.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Martel, seconded by Korins to approve the Real Estate Consultant finalists: The Townsend Group, Eileen Byrne Associates and E&YKL/PCA; motion passed 6-0.

[Supervisor Yaki left the meeting at this time.]

2. ANNUAL UPDATE ON STRATEGIC ASSET ALLOCATION

Carolyn Hamilton, Chief Investment Officer, and Larry Davanzo of Asset Strategy Consulting presented a written and an oral report updating the Strategic Asset Allocation Plan which was approved in May 1995. Larry Davanzo discussed the progress Asset Strategy has had in developing a total fund attribution analysis to supplement the Sharpe ratio in measuring annual performance.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. The Board directed staff to target the higher consistent with "Alternative B" of the update: Expected Return - 9.33; Expected Risk - 7.52; Yield - 4.14; Sharpe Ratio - 0.78; and Average Shortfall - 2.47.

4. RECOMMENDATION TO INVEST UP TO $20 MILLION IN ABRY BROADCAST PARTNERS III, L.

Gary Hiatt, Portfolio Manager, and Brewster Wyckoff, Securities Analyst presented a written and oral report recommending that up to $20 million be invested in ABRY Broadcast Partners III, L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Driscoll to invest up to $20 million in ABRY Broadcast Partners III, L.P.; motion passed 6-0.

3. RECOMMENDATION ON CORE GROUP TRUST (MANAGED BY L&B REAL ESTATE COUNSEL)

Gary Hiatt, Portfolio Manager, and Frank Blaschka of the Townsend Group, presented a written and oral report on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Meiberger to authorize staff to vote SFERS' shares in CORE Group Trust for termination of the CORE Group Trust; motion passed 6-0.

5. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- The following proxies were voted by staff in accordance with Board approved guidelines: Gillette acquisition of Duracell; Conrail takeover by CSX or Norfolk Sout'n; NationsBank acquisition of Boatmen's; Houston Industries acquisition of NorAm Energy; Rite Aid Corp. acquisition of Thrifty Payless; Thomas & Betts acquisition of Augat; Tenneco Inc. merger with El Paso Natural Gas; Infinity Broadcasting merger with Westinghouse Electric and American Travellers merger with Conseco.
- Reported on the change in management of Hellman and Friedman.

BOARD MEMBERS

President Casciato informed the Board on the ongoing discussions regarding the development of Treasure Island and Yerba Buena Island and possible involvement of the Retirement System staff.

Staff requested direction from the Board regarding the roles they would be involved in this study.

President Casciato formed the Local Investment Committee consisting of Commissioner Casciato, Commissioner Korins and Supervisor Yaki. Subsequently, at the conclusion of the meeting Commissioner Breall requested reconsideration of the make-up of the Committee and requested to be a member. President Casciato reconsidered and renamed the following members: Commissioner Breall, Commissioner Casciato, Commissioner Korins and alternate Supervisor Yaki.

Commissioner Korins requested information on the organization of CALAPRS.

There being no further business, the Board adjourned its regular meeting, in memory of the late Jesus Vigo, father of Maria Newport, Benefits Administrator, SFERS, at 3:45 p.m.

Respectfully submitted,

Clare M. Murphy

Clare M. Murphy
Executive Director

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2/11/97

MINUTES

RETIREMENT BOARD
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1155 Market Street, Second Floor, San Francisco

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TUESDAY, FEBRUARY 11, 1997

12:30 P.M.

Present:	Al Casciato	President
	Patricia Martel	Vice President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Leopold Korins	Commissioner
	Herb Meiberger	Commissioner
Absent:	Michael J. Yaki	Supervisor
	Clare M. Murphy	Executive Director Retirement System

MINUTES: Minutes of the Regular Meeting of January 29, 1997.

ACTION: Approved as amended.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. No comments were made at this time. Bob Spare of Capital International presented a plaque to the Board for the mutually productive ten-year relationship with his firm.

REGULAR CALENDAR

1. QUARTERLY REPORT ON CONCEPTS AND STATUS OF THE AUTOMATED RETIREMENT

   Ron Puff, Acting Information Systems Manager, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

2. RETIREMENT SYSTEM TRAVEL EXPENSE REPORT FOR THE PERIOD ENDING DECEMBER 31, 1996

   Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

3. REQUEST TO ADOPT BUDGET FOR FISCAL YEAR 1997-98

Clare Murphy, Executive Director, and Les Win, Chief Accountant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION:

1. It was moved by Meiberger, seconded by Driscoll to recuse Commissioner Meiberger from voting on the salaries' portion of all three budgets being presented; motion passed 5-0.

2. All three budgets, Cost to Continue Budget, New Initiative Budget and Total Budget, for fiscal year 1997-98 were voted in the following manner:

   a. It was moved by Driscoll, seconded by Breall to adopt the three budgets for 1997 except the salary issues; motion passed 5-0.

   b. It was moved by Driscoll, seconded by Breall to adopt the three budgets for 1997 relating to salary issues; motion passed 4-0. (Commissioner Meiberger was recused from the vote).

4. REQUEST TO APPROVE THE SUPPLEMENTAL BUDGET FOR 1996-97 RECAPTURE COMMISSIONS

Clare Murphy, Executive Director, and Carolyn Hamilton, Chief Investment Officer, presented a written and oral report requesting the authority for staff to spend recaptured commissions during the period from 1/1/97-6/30/97 on investment related services and materials. This authority was needed due to the transition from a calendar year to a fiscal year schedule..

The Board reviewed and discussed the material and engaged in a question and answer session with staff. President Casciato requested to add to the Unfinished Business List a review of recaptured commissions and its impact on performance.

ACTION: It was moved by Breall, seconded by Korins to approve the supplemental budget for 1996-97 recapture commissions; motion passed 5-0.

5. REQUEST TO APPROVE THE LETTER TO ITT HARTFORD PARTICIPANTS

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Driscoll to approve the ITT Hartford letter to participants; motion passed 5-0.

6. AMENDMENT TO ITT HARTFORD CONTRACT

Kay Gulbengay, Executive Assistant, and Dan Maguire, Deputy City Attorney, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Meiberger to accept the staff and ITT Hartford's recommendations to adopt revisions to be incorporated in the San Francisco Deferred Compensation Plan contract; motion passed 6-0.

[Commissioner Martel arrived during this time.]

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy provided the Board the results of the 1997 Retirement Board Election. Mr Herb Meiberger was re-elected for the term February 20, 1997 through February 17, 2002.
2. Updated the Board on the COLA's for police and fire and that legislation to implement this has been delayed at the Board of Supervisors. President Casciato requested that staff contact relatives of elderly chiefs.
3. Reported that SFERS had met the IRS requirement to provide 1099R reports to retirees. Thirty-five hundred (3500) disabled safety members had received a letter and calculations regarding the amount of taxable income reported being deducted. President Casciato and Commissioner Driscoll requested that sample letters of these letters be sent to Police

Officers' Association, Firefighters Union and all retired associations so that they could answer questions.

4. Ms. Murphy reminded Board members of interviews with Cortex commencing tomorrow, February 12, 1997.

CITY ATTORNEY'S REPORT

No report was made.

ACTUARY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 15-96

2. DECISION OF HEARING OFFICER

   a. Charlie Bates
   7514 General Laborer - Recreation and Park
   Ordinary Disability Retirement
   Effective Date: May 1, 1996 Granted

   b. Timothy O. Boden
   9139 Dispatcher Supervisor - Public Utilities Commission/MUNI
   Ordinary Disability Retirement
   Effective Date: December 26, 1996 Granted

   c. James Kaufman
   9139 Transit Supervisor - Public Utilities Commission/MUNI
   Ordinary Disability Retirement/Stipulation
   Effective Date: November 15, 1996 Granted

d. Gerald J. Kilroy
H-20 Lieutenant - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: August 4, 1995 Granted

e. Irving C. Wilson
9163 Transit Operator - Public Utilities Commission/MUNI
Ordinary Disability Retirement/Stipulation
Effective Date: May 1, 1996 Granted

3. REQUEST TO CANCEL THE MAY 27, 1997 BOARD MEETING AND RESCHEDULE MEETING TO MAY 28, 1997

4. REQUEST FOR RETROACTIVE APPROVAL OF LEOPOLD KORINS, BOARD MEMBER ATTENDANCE AT THE RREEF FIFTH ANNUAL SEPARATE ACCOUNT EDUCATIONAL SEMINAR THAT WAS HELD IN PALM SPRINGS, CA ON JANUARY 30-FEBRUARY 1, 1997

5. REQUEST FOR AUTHORIZATION FOR HERB MEIBERGER TO ATTEND THE CALAPRS GENERAL ASSEMBLY TO BE HELD IN MONTEREY, CA ON MARCH 8-10, 1997

ACTION: It was moved by Breall, seconded by Martel to approve the Consent Calendar, motion passed 6-0.

INVESTMENT CALENDAR

1. PROXY REVIEW: POLICIES AND ANNUAL SUMMARY

Mark Coleman, Security Analyst and Peter Gleason of Institutional Shareholder Services presented a written and an oral report reviewing all the guidelines which the Retirement Board has approved relating to proxy issues.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: 1. The Board unanimously adopted the Institutional Shareholder Services compensation guidelines and binomial methodology for evaluating option plans and other executive compensation proposals.

2. The Board unanimously approved the proxy voting policy with amendments.

2. QUARTERLY BROKERAGE REPORT

Michele Misiaszek, Security Analyst, presented a written and an oral report on the total brokerage commissions generated by the Retirement Fund during the 4th quarter 1996.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

3. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Metric Realty and MetLife Realty Group have merged into a newly formed company to be called "SSR Realty Advisors". The new company is now owned by State Street Research and Management of Boston.
- Hancock Venture Partners is now an independent management company to be called HVP Partners, LLC and is no longer part of John Hancock Mutual Life Insurance Co.
- Because of the quality constraints developed by the staff and Northern Trust, the Fund owns no commercial paper of the Illinois based sub-prime auto lending leader, Mercury Finance, which recently went bankrupt.

BOARD MEMBERS

Commissioner Martel informed Clare Murphy that she will be attending the CALAPRS conference.

There being no further business, the Board adjourned its regular meeting at 2:03 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

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MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
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TUESDAY, FEBRUARY 25, 1997

12:30 P.M.

Present:	Al Casciato	President
	Patricia Martel	Vice President
	William Breall, M.D.	Commissioner
	Joseph D. Driscoll	Commissioner
	Leopold Korins	Commissioner
	Herb Meiberger	Commissioner
	Michael J. Yaki	Supervisor
	Clare M. Murphy	Executive Director Retirement System

MINUTES: Minutes of the Regular Meeting of February 11, 1997.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. Officer Terry Hart requested that a letter relating to City Attorney's opinion regarding Proposition C and D be sent to all "buyout" police and firefighters at his expense. Staff will provide labels and costs associated with his request.

INVESTMENT CALENDAR

1. RECOMMENDATION TO AMEND THE STRATEGIC ASSET ALLOCATION PLAN

   Carolyn Hamilton, Chief Investment Officer and Leslie Kautz of Asset Strategy Consulting presented a written and oral report requesting approval of a specific asset allocation mix which should meet future Fund return requirements at levels of risk deemed acceptable by Board action on January 29, 1997.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: It was moved by Driscoll, seconded by Korins to adopt the Strategic Asset Allocation Plan; motion passed 7-0.

[Commissioner Martel and Supervisor Yaki arrived during this item.]

REGULAR CALENDAR

1. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

   Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: No action was taken.

2. UNFINISHED BUSINESS REPORT

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: No action was taken.

3. REVIEW OF THE STATEMENT OF ECONOMIC INTEREST

Dan Maguire, Deputy City Attorney, reviewed with the Board the procedures for filing Statement of Economic Interest forms and deadline for filing.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy provided the Board with the Educational Opportunities List.
2. Reported to the Board on the recent meetings with the Civil Grand Jury and informed the Board that it was a positive review.
3. Informed the Board that the Cortex workshop will be held only on April 8, 1997.
4. Reported that President Casciato, Supervisor Yaki and Richard Piket had met with Beth Renge of Renge Securities and Company, Inc. regarding future investment opportunities.
5. Informed the Board that Supervisor Yaki has requested a hearing be held to review SFERS' MBE/WBE policies. Staff will meet with Supervisor Yaki prior to the hearing.

6. Informed the Board that she has received a public information request from Bay Guardian for a list of SFERS investment holdings.

CITY ATTORNEY'S REPORT

No report was made.

ACTUARY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 16-96

2. DECISION OF HEARING OFFICER

   a. Angela Chunlee
   1426 Senior Clerk Typist - Social Services
   Ordinary Disability Retirement
   Effective Date: April 20, 1996 Granted

   b. Leroi Houston
   2905 Senior Eligibility Worker - Social Services
   Ordinary Disability Retirement
   Effective Date: May 1, 1996 Granted

   c. Richard Lanham
   9330 Pile Worker - Port Commission
   Ordinary Disability Retirement
   Effective Date: November 5, 1996 Granted

3. REQUESTS FOR HARDSHIP WITHDRAWAL FROM DEFERRED COMPENSATION

   a. Reynaldo and Milagros Alcantara

   b. Silvia V. David

   c. Liza Fernandez

   d. Richard Anthony Fonseca

4. REQUEST FOR AUTHORIZATION FOR PATRICIA MARTEL, BOARD MEMBER, TO ATTEND THE CALAPRS GENERAL ASSEMBLY TO BE HELD IN MONTEREY, CA ON MARCH 8-10, 1997

ACTION: It was moved by Breall, seconded by Martel to approve the Consent Calendar, motion passed 7-0.

INVESTMENT CALENDAR

2. PERFORMANCE REVIEW OF THE RETIREMENT FUND FOR THE PERIOD ENDING DECEMBER 31, 1996

   Carolyn Hamilton, Chief Investment Officer; Dick Piket, Portfolio Manager; Carl Wilberg, Portfolio Manager, and Leslie Kautz of Asset Strategy Consulting presented written and oral reports outlining the performance of the Retirement Fund for the period ended December 31, 1996.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

3. RECOMMENDATION FOR THE ALLOCATION OF FUNDS FOR THE PERIOD ENDING MAY 31, 1997

   Carolyn Hamilton, Chief Investment Officer, presented a written and oral report to the Board recommending specific allocations of income and assets to fund benefits and new investments.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: 1. It was moved by Meiberger, seconded by Driscoll to adopt staff recommendation with the exception that $25 million which was going to be moved from futures that it be deleted from McCullough, Andrews and Cappiello; motion failed 3-4 (Driscoll, Korins, Martel and Yaki).

2. It was moved by Korins, seconded by Martel to adopt staff's recommendation; motion passed 7-0.

4. APPROVAL OF GUIDELINES FOR THE DOLLAR ROLL ACCOUNT AND THE RECAPTURED COMMISSION ACCOUNT

Richard Piket, Portfolio Manager, provided the Board with a brief description of the Mortgage Backed Securities (MBS) Dollar Roll program and present recommendations for Investment Guidelines for the cash reinvestment for this account as well as for the Commission Recapture account at the Funds' Custody Bank, Northern Trust.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Driscoll to approve the guidelines for the dollar roll account and the recaptured commission, motion passed 7-0.

5. APPROVAL OF CHANGES IN THE GUIDELINES FOR DOMESTIC EQUITY MANAGERS: LOWER PERMITTED CASH RESERVES TO 5% AND PROHIBIT EMERGING MARKET EQUITY INVESTMENTS WITHOUT PERMISSION

Carl Wilberg, Portfolio Manager, Equities presented a written and oral report requesting the authority for staff to alter the domestic equity manager guidelines to reduce the allowed cash balances to five percent from ten percent. Staff also recommended not allowing domestic managers to invest in emerging market securities without permission.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Korins, seconded by Breall to approve the changes in the guidelines for domestic equity managers; motion passed 7-0.

6. RECOMMENDATION TO INVEST UP TO $50 MILLION IN TPG PARTNERS II, L.P.

Gary Hiatt, Portfolio Manager, and Linda Lynch of Cambridge Associates presented a written and an oral report.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Breall to invest up to $50 million in TPG Partners II, L.P.; motion passed 7-0.

7. RECOMMENDATION TO INVEST UP TO AN ADDITIONAL $15 MILLION IN FIRST RESERVE FUND II, L.P. FOR A TOTAL COMMITMENT OF UP TO $30 MILLION

Gary Hiatt, Portfolio Manager, presented a written and oral report recommending that up to $15 million be added to the System's previously approved $15 million investment in First Reserve VII, L.P., for a total investment of up to $30 million.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Korins, seconded by Martel to invest up to an additional $15 million in First Reserve Fund II, L.P. for a total commitment of up to $30 million; motion passed 7-0.

8. INVESTMENT MANAGEMENT PRESENTATIONS: CAPITAL GUARDIAN, MERCURY ASSET MANAGEMENT AND MCCULLOUGH, ANDREWS AND CAPPIELLO

Eric Nelson and Rory McLeod of Mercury Asset Management; Robert McCullough, Sr. and Robert McCullough, Jr., David Andrews and Steve Moore of McCullough, Andrews and Cappiello; and David Fischer of Capital Guardian presented written and oral reports updating the Board on current performance and investment strategies of the portfolios that they manage for the System.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

[Commissioner Martel and Supervisor Yaki left the meeting at this time.

9. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes

b. Carolyn Hamilton, Chief Investment Officer, reported on the following.

- The Board approved the Amendment to the Requirement for Board of Directors to Own Company Stock.
- Recent Company Proxies voted by the Staff in accordance with Board Approved Guidelines: Walt Disney Company and Staples merger with Office Depot.

BOARD MEMBERS

Commissioner Meiberger will provide written reports on conferences he has attended.

Commissioner Driscoll discussed possible action concerning McCullough, Andrews and Cappiello.

There being no further business, the Board adjourned its regular meeting at 4:55 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

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TUESDAY, MARCH 11, 1997

12:30 P.M.

Present:	Patricia Martel	President
	Joseph D. Driscoll	Vice President
	William Breall, M.D.	Commissioner
	Al Casciato	Commissioner
	Leopold Korins	Commissioner
	Herb Meiberger	Commissioner
Absent:	Michael J. Yaki	Supervisor
	Clare M. Murphy	Executive Director Retirement System

MINUTES: Minutes of the Regular Meeting of February 25, 1997.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedure for the attendees. No comments were made at this time.

ELECTION OF OFFICERS

Election of Officers: President and Vice President

In accordance with Board Rule One, Section 1.03, the Board conducted the election of officers for the ensuing term of office.

For President: Commissioner Driscoll nominated Commissioner Patricia Martel as President, seconded by Commissioner Korins. The Board unanimously elected Commissioner Patricia Martel for President. Commissioner Martel was elected President for the next 12-month period.

President Martel thanked her colleagues and presided over the rest of the meeting.

For Vice President: Commissioner Casciato nominated Commissioner Joseph Driscoll as Vice-President, seconded by Commissioner Breall. The Board unanimously elected Commissioner Joseph Driscoll for Vice President. Commissioner Driscoll was elected Vice President for the next 12-month period.

Commissioner Korins moved the nominations for Vice President be closed, seconded by Commissioner Casciato; motion passed 6-0.

REGULAR CALENDAR

1. COST OF LIVING ADJUSTMENT FOR RETIREES SUBJECT TO CHARTER SECTION 8.526

Kieran Murphy, Actuary, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Driscoll to approve the 2% cost of living adjustments as of July 1, 1997 for retirees and beneficiaries who are subject to Charter Section 8.526 and who will have been retired on or before July 1, 1997; motion passed 6-0.

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy provided an update on the collective bargaining negotiations.
2. Reported to the Board on the CALAPRS General Assembly meeting that was held on March 8-10, 1997 in Monterey, CA. President Martel and Commissioner Meiberger added their comments on the conference.
3. Reported to the Board that the new parking facility will be City Parking, Co., that is located behind our building. The Board requested for staff to make an official parking sign for Board members.

CITY ATTORNEY'S REPORT

No report was made.

ACTUARY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 17-96

2. DECISION OF HEARING OFFICER

a. Clarence M. Dawson
7381 Auto Mechanic - Port Commission
Ordinary Disability Retirement
Effective Date: May 1, 1996 Granted

b. Coylavan Harris
9163 Transit Operator - MUNI
Ordinary Disability Retirement/Stipulation
Effective Date: April 1, 1996 Granted

c. Elizabeth H. Hayes
3638 Chief Librarian - San Francisco Library
Ordinary Disability Retirement/Stipulation
Effective Date: October 22, 1996 Granted

d. Charles Jones
2708 Custodian - Public Works
Ordinary Disability Retirement/Stipulation
Effective Date: October 1, 1996 Granted

e. Larry S. Monti
Senior Deputy Sheriff - Sheriff's Department
PERS Granted

f. Flor Reyes
8482 Crime Prevention Worker - Police Department
Ordinary Disability Retirement
Effective Date: June 1, 1996 Granted

g. J.C. Rodgers
9163 Transit Operator - MUNI
Ordinary Disability Retirement/Stipulation
Effective Date: April 1, 1996 Granted

3. REQUEST TO ADJUST THE STARTING TIME OF THE APRIL 8, 1997 BOARD MEETING TO 8:30 A.M.

ACTION: It was moved by Korins, seconded by Casciato to approve the Consent Calendar, motion passed 6-0.

[Investment Calendar Item No. 4 will be heard after the Board Members' Comments.]

INVESTMENT CALENDAR

1. RECOMMENDATION FOR THE ALLOCATION OF FUNDS FOR THE PERIOD ENDING MAY 31, 1997

Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.
The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Korins to approve the request to vote again to properly record the vote under a properly noticed item; motion passed 5-1 (Meiberger).

2. RECOMMENDATION TO TERMINATE MCCULLOUGH, ANDREWS AND CAPPIELLO AND DIETCHE AND FIELD ADVISORS, INC.

Carl Wilberg, Portfolio Manager, will present a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Driscoll stated that the termination of Dietche and Field Advisors, Inc. was due primarily to reallocation of domestic equity away from core style while the termination of McCullough, Andrews and Cappiello was dominated by underperformance.

ACTION: 1. It was moved by Casciato, seconded by Driscoll terminate McCullough, Andrews and Cappiello; motion passed 6-0.

2. It was moved by Casciato, seconded by Breall to terminate Dietche and Field Advisors, Inc.; motion passed 6-0.

3. RECOMMENDATION TO APPROVE THE IMPLEMENTATION OF THE REVISED CORE EQUITY STRATEGIC ASSET ALLOCATION PLAN

Carl Wilberg, Portfolio Manager, will present an oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Korins, seconded by Casciato to approve the implementation of the revised core equity strategic asset allocation plan, motion passed 5-1 (Meiberger).

(Commissioner Casciato and Commissioner Korins left the meeting after the vote.)

5. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- The Investment Staff is currently developing the criteria to create a Quarterly Watch List of underperforming managers and plan to present it to the Board at the next meeting.

BOARD MEMBERS

Commissioner Meiberger briefed the Board on the REIP conference.

President Martel discussed the possibility of changing the Board meeting date to a Wednesday or Friday. This item will be calendard for the next Board meeting.

Commissioner Meiberger thanked Commissioner Casciato for a job well done as President.

INVESTMENT CALENDAR
(Continued)

4. REAL ESTATE CONSULTANT PRESENTATIONS

Eileen Byrne of Eileen Byrne Associates, Inc.; Pamela Alsterlind, Kimberly MacKay, Bruce Miller of E&YKL and Nori Gerardo of PCA; and Terry Ahern and Frank Blaschka of the Townsend Group delivered written and oral presentations.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

There being no further business, the Board adjourned its regular meeting in memory of the late Dora Pun, mother of Jackie Pun, Senior Personnel Analyst, SFERS, at 4:15 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

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3/26/97

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

TUESDAY, MARCH 26, 1997

12:30 P.M.

Present:	**Patricia Martel**	**President**
	Joseph D. Driscoll	**Vice President**
	William Breall, M.D.	**Commissioner**
	Al Casciato	**Commissioner**
	Leopold Korins	**Commissioner**
	Herb Meiberger	**Commissioner**
Absent:	**Michael J. Yaki**	**Supervisor**
	Clare M. Murphy	**Executive Director Retirement System**

MINUTES: **Minutes of the Regular Meeting of March 11, 1997.**

ACTION: **Approved as submitted.**

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Martel reviewed the Public Comment procedure for the attendees. Capt. Jerome DeFilippo requested the Board to consider a review of his application for service retirement. This matter will be reviewed and discussed at the City Attorney's item.

REGULAR CALENDAR

1. REQUEST TO DISCUSS THE SECOND ANNUAL BAY AREA PEACE WALKATHON

   This item was considered at the Board Members' comments section.

2. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

   Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Meiberger requested from staff an explanation regarding improving the Sharpe Ratio by 1% annually. President Martel requested that Commissioner Meiberger provide the staff any additional questions in writing and staff would respond to Commissioner Meiberger's issues in writing.

   ACTION: No action was taken.

3. UNFINISHED BUSINESS LIST

   Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Casciato inquired on the status of the Web page. Clare Murphy, Executive Director responded that the staff is preparing the initial steps of the Web page.

ACTION: No action was taken.

[Commissioner Breall arrived during this item.]

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy reported on the Council of Institutional Investors' annual meeting which she attended on March 22-25, 1997 in Washington, D.C.
2. Reported on the status of the Collective Bargaining negotiations Twenty (20) settlements have been reached, mostly Craft Unions with no change in pension provisions. There remain approximately 20 groups to settle; two groups have gone to arbitration. Commissioner Casciato requested staff to communicate to the Employee Relations Division if retirement issues are involved in negotiations; a notification to the Retirement System would be appreciated.
3. Reminded the Board of the April 8, 1997 Cortex Workshop.

ACTUARY'S REPORT

Kieran Murphy, Actuary, reviewed with the Board the status of the contract with Towers, Perrin and Cole.

ACTION: After a lengthy discussion, a motion was made by Korins, seconded by Breall for the Actuary to have informal conversations with previous firms who submitted Request for Proposals earlier, to gather information and report to the Board on April 29, 1997 Board meeting; motion passed 4-2 (Breall and Martel).

President Martel requested the Actuary to provide to the Board in written form detail of examples of his concerns with the current provider, Towers, Perrin and Cole.

CITY ATTORNEY'S REPORT

ACTION: Further discussion was held regarding the De Filippo case. It was moved by Casciato, seconded by Meiberger to request a special meeting be held on April 2, 1997 at 8:00 a.m. with the possibility of this matter being resolved administratively; motion passed 6-0

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 18-96

2. DECISION OF HEARING OFFICER

   a. Alfredo D. Arquilla
   8308 Sergeant - Sheriff's Department
   PERS — Granted

   b. Thomas F. Blackwell
   (Marie A. Blackwell - widow)
   Q50 Sergeant - Police Department
   Allowance - Death as a Result of Duty — Denied

   c. Jack Borodin
   (Joanne Borodin - widow)
   H-2 Firefighter - Fire Department
   Allowance - Death as a Result of Duty — Denied

   d. Charles Brown
   9163 Transit Operator - MUNI
   Ordinary Disability Retirement/Proposition A
   Effective Date: February 1, 1992 — Granted

   e. Julius Cooksey
   2708 Custodian - Recreation and Park
   Ordinary Disability Retirement
   Effective Date: January 1, 1997 — Granted

   f. John P. Lydon
   6235 Heating and Ventilation Inspector - MUNI
   Ordinary Disability Retirement
   Effective Date: October 1, 1996 — Granted

   g. Charles E. Warren
   Q-50 Sergeant - Police Department
   Industrial Disability Retirement/Stipulation — Denied

h. Kwang H. Yi
1834 Senior Tape Librarian - Controller's Department
Ordinary Disability Retirement — Denied

3. PETITION FOR REHEARING

James E. Gallagher
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation — Granted

4. REQUESTS TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

Cathy D. Purcell

5. REQUEST TO CANCEL THE JUNE 24, 1997 BOARD MEETING AND RESCHEDULE MEETING TO JUNE 25, 1997

6. REQUEST FOR AUTHORIZATION FOR BOARD MEMBERS TO ATTEND THE NCPERS CONFERENCE TO BE HELD IN SAN ANTONIO, TEXAS ON APRIL 24-MAY 1, 1997

ACTION: It was moved by Breall, seconded by Casciato to approve the Consent Calendar; motion passed 6-0.

INVESTMENT CALENDAR

1. REAL ESTATE CONSULTANT RECOMMENDATION

Gary Hiatt, Portfolio Manager, and Brewster Wyckoff, Securities Analyst, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Driscoll to retain the services of The Townsend Group as the real estate consultant; motion 6-0.

2. QUARTERLY REAL ESTATE PERFORMANCE REVIEW FOR THE PERIOD ENDING DECEMBER 31, 1996

Gary Hiatt, Portfolio Manager, and Frank Blaschka from the Townsend Group presented a written and oral report detailing the performance of the real estate portfolio for the quarter ending December 31, 1996.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

3. REAL ESTATE MANAGER PRESENTATION: AMB

Barbara Linn and Lindsey Schubel of AMB Institutional Realty presented a written and oral report detailing performance, recent investments and current outlook.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

4. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Response to Board Request from Mercury Asset Management International, Ltd.
- Revisions in Real Estate Return Series.
- Revised Strategic Asset Allocation Plan and Investment Policy Statement.

BOARD MEMBERS

Commissioner Casciato reported on the Regular Calendar, Item No. 1 - Purpose of the Bay Area Peace Walkathon. He requested that material be distributed to staff and join in the walkathon, if

possible; he also requested that staff distribute the flyer to the schools, etc. He requested staff send to the Youth Commission a letter advising them of the Board's discussion.

Commissioner Meiberger reported on his attendance at the Nicholas-Applegate's Client Conference on March 23-25, 1997 in San Diego, CA. He also discussed with the Board his memorandum on the performance of the fund. Commissioner Korins highlighted the positive aspects of the fund in relation to other city and county pension funds with ongoing problems

There being no further business, the Board adjourned its regular meeting in memory of the late Wong Shiu Tung, father of Ted Wong, Head Accountant, SFERS, at 3:02 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

MINUTES

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TUESDAY, APRIL 8, 1997

8:30 A.M.

Present:	**Patricia Martel**	**President**
	Joseph D. Driscoll	**Vice President**
	William Breall, M.D.	**Commissioner**
	Al Casciato	**Commissioner**
	Leopold Korins	**Commissioner**
	Herb Meiberger	**Commissioner**
Absent:	**Michael J. Yaki**	**Supervisor**

Clare M. Murphy — **Executive Director Retirement System**

RETIREMENT BOARD

SPECIAL MEETING

PUBLIC COMMENT

Commissioner Martel reviewed the Public Comment procedure for the attendees. No comments were made at this time.

1. WORKSHOP ON GOVERNANCE PRESENTED BY CORTEX APPLIED RESEARCH, INC.

   John Por and Tom Iannucci of Cortex Applied Research, Inc. conducted a workshop on governance.

   The Board and members of the senior staff engaged in discussion. The Board directed staff to develop a work plan for the next stages of the governance review.

There being no further business, the Committee adjourned its special meeting at 4:30 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

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CALENDAR

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WEDNESDAY, APRIL 2, 1997

8:00 A.M.

Patricia Martel	President
Joseph D. Driscoll	Vice President
William Breall, M.D.	Commissioner
Al Casciato	Commissioner
Leopold Korins	Commissioner
Herb Meiberger	Commissioner
Michael J. Yaki	Supervisor

Clare M. Murphy — Executive Director
Retirement System

DISABILITY ACCESS

The San Francisco Employees' Retirement System is wheelchair accessible. Accessible seating is available for persons with disabilities. Large print copies of the agenda can be made available, American Sign Language interpreters and an FM sound amplification system are available on request; please contact Kay Gulbengay, Executive Assistant at 554-1520 at least two working days before a meeting.

Individuals with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-8925 to discuss meeting accessibility. In order to assist the City's efforts to accommodate such people, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Accessible parking is available at the 8th and Market Street parking lot. A "blue zone" is located adjacent to the lot. Accessible MUNI lines are the #9 and #71. The closest accessible BART/MUNI station is the Civic Center Station.

All materials to be considered or acted upon by the Board shall be available for public review 24 hours prior to the Board meeting.

Attention: Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #701, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-6075.

For additional information, contact Kay Gulbengay, Executive Assistant at 554-1520.

RETIREMENT BOARD

SPECIAL MEETING

PUBLIC COMMENT

8:00-8:05 A.M

Members of the public shall have an opportunity to directly address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board now or at the time an item on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

8:05-9:05

1. CONSIDER AND ACT UPON AN APPLICATION FOR THE SERVICE RETIREMENT OF JEROME DEFILIPPO

   ACTION:

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CALENDAR

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TUESDAY, APRIL 8, 1997

8:30 A.M.

Patricia Martel	**President**
Joseph D. Driscoll	**Vice President**
William Breall, M.D.	**Commissioner**
Al Casciato	**Commissioner**
Leopold Korins	**Commissioner**
Herb Meiberger	**Commissioner**
Michael J. Yaki	**Supervisor**

Clare M. Murphy — **Executive Director Retirement System**

RETIREMENT BOARD

SPECIAL MEETING

PUBLIC COMMENT

8:30-8:35 A.M

Members of the public shall have an opportunity to directly address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board now or at the time an item on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

8:35-5:00 PM

1. WORKSHOP ON GOVERNANCE PRESENTED BY CORTEX APPLIED RESEARCH INC.

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

TUESDAY, APRIL 29, 1997

12:30 P.M.

Present:	**Patricia Martel**	**President**
	Joseph D. Driscoll	**Vice President**
	Al Casciato	**Commissioner**
	Leopold Korins	**Commissioner**
	Michael J. Yaki	**Supervisor**
Absent:	**Herb Meiberger**	**Commissioner**
	William Breall, M.D.	**Commissioner**
	Clare M. Murphy	**Executive Director Retirement System**

MINUTES: **Minutes of the Regular Meeting of March 26, 1997 and Special Meeting of April 8, 1997.**

ACTION: **Approved as amended.**

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

Vice President Driscoll reviewed the Public Comment procedure for the attendees.

Clare M. Murphy, Executive Director, updated the Board on the recent meetings of April 28, 1997 with representatives from the Employee Relations Division, San Francisco Police and Airport Police. Commissioner Casciato requested that Ms. Murphy explain the reciprocity and earnings limitations in respect to PERS and SFERS.

Members of the San Francisco Airport Police presented questions to the Board and were informed that staff would contact the Employee Relations Division to provide the Airport Police with minutes of the April 28, 1997 and that SFERS would contact a PERS staff member to possibly meet with their membership to address their concerns.

[Item No. 3 of the Regular Calendar was heard before Item No. 1]

REGULAR CALENDAR

3. QUARTERLY REPORT ON CONCEPTS AND STATUS OF THE AUTOMATED RETIREMENT SYSTEMS

Ron Puff, Information Systems Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

[President Martel and Supervisor Yaki arrived during this item.]

1. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

Clare Murphy, Executive Director, presented a written and oral report to the Board on this item. Ms. Murphy reported that the Senior Staff will meet to present new goals and objectives to the Board.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. President Martel requested Board members to submit new objectives from staff to concentrate on in the future for the May 28, 1997 meeting.

ACTION: No action was taken.

2. UNFINISHED BUSINESS LIST

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: No action was taken.

4. RETIREMENT SYSTEM TRAVEL EXPENSE REPORT FOR THE PERIOD ENDING MARCH 31, 1997

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

5. HARTFORD DEFERRED COMPENSATION PLAN DOCUMENT

Kay Gulbengay, Executive Assistant, and Dan Maguire, Deputy City Attorney, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Korins to accept the revised plan document; motion passed 5-0.

6. INVESTMENT PERFORMANCE ASSESSMENT BY WILLIAM M. MERCER INVESTMENT CONSULTING ON THE CITY AND COUNTY DEFERRED COMPENSATION PLAN

Carol Gleckman, Associate of William M. Mercer Investment Consulting, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Driscoll requested that a comparison be made of the fees being imposed by other 457 plans. Commissioner Casciato requested that the summary letter to participants use the same name of funds as the participants are familiar with in other communications they receive from Hartford Life. Staff informed the Board that a summary letter would include a reminder clause to contact a Hartford Life representative for on-going counseling.

ACTION: No action was taken.

7. REVIEW OF ACTUARIAL CONTRACT

President Martel requested item to be continued to May 13, 1997.

ACTION: It was moved by Casciato, seconded by Yaki to continue this item to May 13, 1997; motion passed 5-0.

8. REQUEST FOR APPROVAL OF CORTEX APPLIED RESEARCH, INC. WORK PLAN AND COST PROPOSAL FOR GOVERNANCE INITIATIVE

Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. President Martel reviewed with the Board and staff the idea of creating a committee structure to make recommendations to the full Board which would create a more efficient use of Board and staff time. President Martel informed the Board that Cortex had suggested a working team which would require two Board members. She will be contacting Board members within the month to get feedback and their interest to serve in this capacity.

ACTION: It was moved by Casciato, seconded by Korins to approval the Cortex Applied Research, Inc. work plan and cost proposal for governance initiative; motion passed 5-0.

9. REVIEW DOMESTIC PARTNERS/EQUAL BENEFITS ORDINANCE

Kay Gulbengay, Executive Assistant, and Dan Maguire, Deputy City Attorney, presented a written and oral report to the Board on this item. Ms. Gulbengay reviewed with the Board of the ongoing meetings between City Departments on the implementation of the Domestic Partners/Equal Benefits Ordinance in which the staff has been involved.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy provided the Board with a list of educational opportunities.
2. Reported to the Board on the Hartford Life Proxy votes which were made by the staff.
3. Reported on the Team Building meeting of April 3, 1997 of the SFERS professional staff, middle manager and senior managers.
4. Updated the Board on the City and County negotiations. She also reported on the transfer of the San Francisco paramedics to the San Francisco Fire Department.
5. Reported to the Board on the proposed amendments to the Sunshine Ordinance. Ms. Jean Thomas, representative of Local 21 retirees, read a letter into the record regarding the April 8, 1997 Retirement Board Cortex meeting and raising issues relating to future notices of Retirement Board meetings.
6. Reported to the Board that she and Carolyn Hamilton attended a hearing of the Economic Development Transportation and Technology Committee of the Board of Supervisors to discuss the MBE/WBE policies of the Retirement Board. Supervisor Yaki discussed with the Board the issues raised at the Committee meeting regarding MBE/WBE and expressed his desire that SFERS staff has the responsibility to actively pursue and participate in the hiring of MBE/WBE who are qualified. President Martel reiterated Supervisor Yaki's words and encouraged staff to be proactive in the compliance of MBE/WBE hiring. Win Hayward, a representative of Local 21 retirees, expressed his concern that selected

MBE/WBE firms be qualified. President Martel assured him of the Board's fiduciary responsibilities.

7. Reported that Mayor Brown contacted her on April 25, 1997 to assist in the review of the garbage dispute. Ms. Murphy and Kieran Murphy asked the assistance of TCW, Oaktree Capital Management, Scudder, Stevens & Clark, Inc. and Towers Perrins, and they made staff available in assessing issues involved in the garbage strike.

ACTUARY'S REPORT

Kieran Murphy, Actuary, provided written materials from the Enrolled Actuaries Conference on March 16-19, 1997.

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. a. VOLUNTARY RETIREMENT BOARD LIST NO. 19-96

   b. VOLUNTARY RETIREMENT BOARD LIST NO. 20-96

2. DECISION OF HEARING OFFICER

   a. Jimmie F. Booker
   2302 Orderly - Public Health Department/Laguna Honda Hospital
   Ordinary Disability Retirement
   Effective Date: September 17, 1996 Granted

   b. Dennis M. Callahan
   H-50 Assistant Chief - Fire Department
   Industrial Disability Retirement/Stipulation
   Effective Date: April 16, 1996 Granted

c. Leroy Chaffers
9163 Transit Operator - MUNI
Ordinary Disability Retirement
Effective Date: July 1, 1996 Granted

d. Amalia Cosio
Counselor - Juvenile Hall
PERS Denied

e. James T. Ferguson
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: March 30, 1996 Granted

f. Oscar Hinojosa
2593 Health Program Coordinator III - Public Health/Mental Health Division
Ordinary Disability Retirement
Effective Date: February 21, 1997 Granted

g. Wayne E. Knutsen
H-20 Lieutenant - Fire Department
Industrial Disability Retirement/Stipulation Denied

h. Orville Kuhn
7470 Water Shed Keeper - Public Utilities Commission/Water Department
Ordinary Disability Retirement/Stipulation
Effective Date: January 17, 1996 Granted

i. Raymond McCann
9139 Transit Supervisor - MUNI
Ordinary Disability Retirement
Effective Date: January 24, 1997 Granted

j. James P. Olson
0150 Deputy Chief - Fire Department
Industrial Disability Retirement
Effective Date: January 13, 1996 Granted

k. Gene Phillips
2905 Senior Eligibility Worker - Social Services
Ordinary Disability Retirement
Effective Date: November 1, 1996 Granted

l. William G. Richardson
H-50 Assistant Chief - Fire Department
Industrial Disability Retirement/Stipulation — Denied

m. John R. Schnapp
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation — Denied

n. Henry So
2905 Senior Eligibility Worker - Social Services Department
Ordinary Disability Retirement
Effective Date: January 1, 1997 — Granted

o. Ronald Souza
3417 Gardener - Recreation and Park
Ordinary Disability Retirement
Effective Date: August 1, 1996 — Granted

p. Lucian M. Vance III
Q-2 Police Officer - Police Department
Industrial Disability Retirement — Denied

3. REQUESTS TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

Anthony Gilford

4. REQUEST FOR THE DESTRUCTION OF RECORDS:

a. Art Commission

b. Public Health

5. APPLICATION FOR BIRTHDATE CORRECTION

a. John A. Degaglia

b. Corazon I. Igtanloc

c. Peter I. Ionin

d. Faye Tom

6. REQUEST FOR APPROVAL OF HERB MEIBERGER, BOARD MEMBER, TO ATTEND THE IMI'S INVESTOR ROUNDTABLE ON ALTERNATIVE INVESTMENTS IN SAN FRANCISCO, CA [illegible]-3, 1997

7. REQUEST TO CANCEL THE MAY 13, 1997 RETIREMENT BOARD MEETING SUBJECT TO THE BOARD'S DECISION ON THE REVIEW OF THE ACTUARIAL CONTRACT

ACTION: Item no. 21 was continued to May 13, 1997. It was moved by Casciato, seconded by Korins to approve the Consent Calendar except item nos. 21 and 7; motion passed 4-0.

[Supervisor Yaki left the meeting at this time.]

INVESTMENT CALENDAR

1. DISCUSSION OF BELOW INVESTMENT GRADE COMMERCIAL MORTGAGE-BACKED SECURITIES PROPOSALS AND RECOMMENDATION TO APPROVE REQUEST FOR PROPOSALS FOR BELOW INVESTMENT GRADE COMMERCIAL MORTGAGE-BACKED SECURITIES MANAGER

   This item was continued to the May 13, 1997 Board meeting.

2. INTERIM REPORT ON THE CALCULATION OF THE FISCAL YEAR 1995-96 AND THE 1ST AND 2ND QUARTER OF FISCAL YEAR 1996-97 INVESTMENT RETURNS

   Carolyn Hamilton, Chief Investment Officer, Les Win, Chief Accountant, Kieran Murphy, Actuary and Larry Davanzo of Asset Strategy Consulting presented a preliminary review of the accounting differences and how they should be resolved.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff. An adjustment will be made to the quarterly report on March 31, 1997 with detailed reports to be presented at that time. Commissioner Driscoll congratulated Kieran Murphy and Commissioner Meiberger in their persistence in illustrating to Board and staff the discrepancy in the figures. Carolyn Hamilton thanked all who played an active part in resolving and reconciling areas of differences.

   This is an information item only; no action was taken.

3. RECOMMENDATION TO INVEST UP TO £15 MILLION IN APAX UK VI, L.P.

   Gary Hiatt, Portfolio Manager, and Linda Lynch of Cambridge Associates presented a written and oral report on APAX UK VI L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Driscoll to approve an investment of up to £15 million in APAX UK VI L.P.; motion passed 4-0.

4. RECOMMENDATION TO INVEST UP TO DM17 MILLION IN APAX GERMANY II

Gary Hiatt, Portfolio Manager, and Linda Lynch of Cambridge Associates presented a written and oral report on APAX Germany II L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Korins to approve an investment of up to DM17 million in APAX Germany II; motion passed 4-0.

5. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Change in Portfolio Management in AEW.
- Recent Company Proxies Voted by the Staff in Accordance with Board Approved Guidelines

BOARD MEMBERS

Commissioner Casciato updated the Board on the Youth Peace Walkathon to be held on May 17, 1997 and encouraged their participation.

President Martel informed the Board that she would not be able to attend the June 10, 1997 meeting.

There being no further business, the Board adjourned its regular meeting at 4:03 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

SF
R55
.2
5/13/97

CALENDAR

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

TUESDAY, MAY 13, 1997

12:30 P.M.

Patricia Martel	President
Joseph D. Driscoll	Vice President
William Breall, M.D.	Commissioner
Al Casciato	Commissioner
Leopold Korins	Commissioner
Herb Meiberger	Commissioner
Michael J. Yaki	Supervisor

Clare M. Murphy — Executive Director
Retirement System

DISABILITY ACCESS

The San Francisco Employees' Retirement System is wheelchair accessible. Accessible seating is available for persons with disabilities. Large print copies of the agenda can be made available, American Sign Language interpreters and an FM sound amplification system are available on request; please contact Kay Gulbengay, Executive Assistant at 554-1520 at least two working days before a meeting.

Individuals with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-8925 to discuss meeting accessibility. In order to assist the City's efforts to accommodate such people, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

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All materials to be considered or acted upon by the Board shall be available for public review 24 hours prior to the Board meeting.

Attention: Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #701, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-6075.

For additional information, contact Kay Gulbengay, Executive Assistant at 554-1520.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

12:30-12:35 P.M Members of the public shall have an opportunity to directly address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board now or at the time an item on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

12:35-12:40

MINUTES

Minutes of the regular meeting of April 29, 1997, submitted for approval.

INVESTMENT CALENDAR

12:40-1:10 1. DISCUSSION OF BELOW INVESTMENT GRADE COMMERCIAL MORTGAGE-BACKED SECURITIES PROPOSALS AND RECOMMENDATION TO APPROVE REQUEST FOR PROPOSALS FOR BELOW INVESTMENT GRADE COMMERCIAL MORTGAGE-BACKED SECURITIES MANAGER

ACTION:

1:10-2:10 2. INVESTMENT MANAGEMENT PRESENTATIONS: AEW AND OECHSLE INTERNATIONAL

2:10-2:20 3. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

b. Investment Portfolio: Recent Developments and Updates - Discussion only

- The TCW Group, Inc.
- The Watch List

- Recent Company Proxies voted by the Staff in Accordance with Board Approved Guidelines

ACTION:

REGULAR CALENDAR

2:20-3:05 1. REVIEW OF ACTUARIAL CONTRACT

ACTION:

3:05-3:20 **EXECUTIVE DIRECTOR'S REPORT**

1. San Francisco Police/Airport Police Merger
2. Update on Collective Bargaining
3. Tobacco Lawsuit Document Request
4. Discussion of Prospective Retirement Board Schedule

ACTION:

ACTUARY'S REPORT

CITY ATTORNEY'S REPORT

3:20-3:35 **CONSENT CALENDAR**

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 21-96

2. DECISION OF HEARING OFFICER

   a. Sharon Barrett
      8304 Deputy Sheriff - Sheriff's Office
      PERS — Denied

b. Alfreda Ferguson
2708 Custodian - Airport Commission
Ordinary Disability Retirement — Denied

c. Richard J. Goodsell
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation — Denied

d. Richard A. Grove
7332 Maintenance Machinist - Water Department
Ordinary Retirement Disability
Effective Date: December 28, 1996 — Granted

e. John R. Nelson
9163 Transit Operator - MUNI
Ordinary Retirement Disability
Effective Date: September 1, 1995 — Granted

f. William G. Richardson
H-50 Assistant Chief - Fire Department
Industrial Disability Retirement/Stipulation — Denied

3. PETITION FOR REHEARING

Galen P. Cole
H-20 Fire Lieutenant - Fire Department
Industrial Disability Retirement/Stipulation — Granted

4. a. ACCEPTANCE OF GIFT TO SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT FROM INSTITUTE FOR INTERNATIONAL RESEARCH TO ATTEND THE GUNS AND HOSES CONFERENCE TO BE HELD IN KEY WEST, FLORIDA ON SEPTEMBER 12-18, 1997

b. REQUEST FOR AUTHORIZATION FOR BOARD MEMBER TO ATTEND THE GUNS AND HOSES CONFERENCE TO BE HELD IN KEY WEST, FLORIDA ON SEPTEMBER 12-18, 1997

ACTION:

BOARD MEMBERS

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MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

MISSION STATEMENT

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WEDNESDAY, MAY 28, 1997

12:30 P.M.

Present:	**Patricia Martel**	**President**
	Joseph D. Driscoll	**Vice President**
	William Breall, M.D.	**Commissioner**
	Al Casciato	**Commissioner**
	Leopold Korins	**Commissioner**
	Herb Meiberger	**Commissioner**
Absent:	**Michael J. Yaki**	**Supervisor**
	Clare M. Murphy	**Executive Director Retirement System**

MINUTES: **Minutes of the Regular Meeting of May 13, 1997.**

ACTION: **Approved as amended.**

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Martel reviewed the Public Comment procedure for the attendees. No comments were made at this time.

REGULAR CALENDAR

1. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

   Clare Murphy, Executive Director, presented a written and oral report to the Board on this item. Ms. Murphy reported that individual Senior Staff members have provided her with goals and objectives but she needed the time to review them with the Senior Staff and to arrive at concensus recommendations.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: No action was taken.

2. UNFINISHED BUSINESS LIST

   Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Meiberger requested that a performance attribution of the S&P 500's futures be provided to the Board. This will be added to the unfinished business list.

   ACTION: No action was taken.

3. FINANCE COMMITTEE REPORT

   a. REQUEST FOR APPROVAL OF REVISED INVESTMENT BUDGET FOR FISCAL YEAR 1997-98

Commissioner Driscoll, Clare Murphy, Executive Director, and Les Win, Chief Accountant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Korins; to approve the revised Investment Budget for 1997-98; motion passed 6-0.

4. REVIEW OF ACTUARIAL CONTRACT

Kieran Murphy, Actuary, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Mr. Murphy reviewed with the Board the following concerns of the performance of Towers & Perrin, the actuarial consultants for SFERS: staffing, cost, time availability, quality of work product and needs of the Plan. The Board and staff held discussion regarding the manner in which to address those concerns.

ACTION: It was moved by Breall, seconded by Casciato; that the Executive Director is to provide to Towers Perrin in some form all the points brought up by the Actuary so that they could provide both a written and personal response before the Board makes a decision in this matter; motion passed 6-0.

5. HARTFORD LIFE PROXY VOTE: CLOSE AND MERGE THE HARTFORD U.S. GOVERNMENT MONEY MARKET FUND ("U.S. GOVERNMENT FUND) INTO THE HVA MONEY MARKET FUND ("HVA FUND")

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: The Board made a unanimous decision to vote in favor of the Hartford Life proxy vote to close and merge the Hartford U.S. Government Money Market Fund ("U.S. Government Fund) into the HVA Money Market Fund ("HVA Fund").

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy updated the Board on the Airport Police and Police Department merger.
2. Updated the Board on City and County negotiations with Paramedics and SEIU.
3. Reviewed with the Board tobacco legislation and news article which is to be published in the Sunday newspaper.
4. Discussed a letter received from the Human Rights Commission relating to a meeting between SFERS and Human Rights Commission to discuss MBE/WBE issues regarding sub-contracting. She will schedule a meeting and provide in writing questions and policies to them regarding the draft RFP.
5. Provided the Board with a comparison of Hartford Proxy votes results.

ACTUARY'S REPORT

Kieran Murphy, Actuary, reported on the following items:

1. Mr. Murphy updated the Board on a pre-taxed health premium proposal for retirees.
2. Discussed the article regarding Captain Thomas Petrini's death written by Katharine Feinstein. The Board and staff held a discussion regarding the article, and it was explained that changes to Retirement benefits would require a Charter Amendment.
3. Discussed the issue of the use of retirement monies to pay for health premium for retirees.
4. Informed the Board that he had been asked to review PERS actuarial contracts bids.

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 22-96

2. DECISION OF HEARING OFFICER

a. George Paganucci
Q-2 Police Officer - Police Department
Industrial Disability Retirement/Stipulation
Effective Date: March 23, 1996 — Granted

b. Hugh Dillon
9163 Transit Operator -MUNI
Ordinary Disability Retirement/Stipulation
Effective Date: December 28, 1996 — Granted

c. Terrence J. Hicks
H-2 Firefighter - Fire Department
Industrial Disability Retirement — Denied

d. Richard A. Jones
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: April 6, 1996 — Granted

e. J.P. Otten
Q-80 Captain - Police Department
Industrial Disability Retirement/Stipulation — Denied

f. Howard A. Vogt
Airport Police Officer - Airport Commission
PERS — Granted

g. Joseph L. Weatherman
Q-50 Sergeant - Police Department
Industrial Disability Retirement/Ordinary Disability Retirement — Denied

3. PETITION FOR REHEARING

a. Thomas F. Blackwell
(Marie A. Blackwell - widow)
Sergeant - Police Department
Death as a Result of Duty — Denied

b. William G. Richardson
H-50 Assistant Chief - Fire Department
Industrial Disability Retirement/Stipulation — Denied

4. DISMISSAL OF DISABILITY RETIREMENT APPLICATION

a. Allan C. Beirman

b. Joseph B. Frank

c. Lee A. Hill

d. Lee D. Latimore

e. Irene E. Quirolo

f. Manuel Serrano

5. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Paul Haynes

b. Arthur Lee Johnson

c. Adam Arnold Banks

d. Linda M. Fontenot

6. REQUEST FOR AUTHORIZATION FOR JOSEPH DRISCOLL AND HERB MEIBERGER, BOARD MEMBERS TO ATTEND INSTITUTE FOR THE STUDY OF PENSION SYSTEMS TRUSTEES' ROUNDTABLE TO BE HELD IN LOS ANGELES, CA ON JUNE 2, 1997

7. REQUEST TO CANCEL THE JUNE 10, 1997 RETIREMENT BOARD MEETING

ACTION: Item no. 6 was amended to include Commissioner Korins' name to attend the Institute in the Study of Pension Systems. It was moved by Breall, seconded by Casciato to approve the Consent Calendar; motion passed 5-0.

INVESTMENT CALENDAR

1. PERFORMANCE REVIEW OF THE RETIREMENT FUND FOR THE PERIOD ENDING MARCH 31, 1997

   Carolyn Hamilton, Chief Investment Officer; Richard Piket, Portfolio Manager; Carl Wilberg, Portfolio Manager; and Larry Davanzo of Asset Strategy Consulting, presented written and oral reports outlining the performance of the Retirement Fund for the period ended March 31, 1997. The quarterly report included concurrent market values for real estate and alternative investments and a new attribution analysis.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

2. RECOMMENDATION FOR THE ALLOCATION OF FUNDS FOR THE PERIOD ENDING AUGUST 31, 1997

   Carolyn Hamilton, Chief Investment Officer, and Frank Blaschka of the Townsend Group, presented a written and oral report to the Board recommending specific allocations of income and assets to fund benefits and new investments.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: Two motions: to adopt staff's recommendation and to adopt staff's recommendation with letter to Schroeder regarding management performance; failed due to lack of second.

   It was moved by Driscoll, seconded by Breall to adopt staff's recommendation for asset allocation for the period ending August 31, 1997 and deleted further contribution to Schroeder at this time; motion passed 5-1 (Meiberger).

3. ALTERNATIVE INVESTMENTS SEMI-ANNUAL PERFORMANCE REVIEW

Gary Hiatt, Portfolio Manager, and Linda Lynch, Cambridge Associates, presented the semi-annual review of Alternative Investments.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Driscoll had a question regarding a minimum required return.

ACTION: It was moved by Meiberger, seconded by Casciato to accept the Alternative Investments Semi-Annual Performance Review; motion passed 6-0.

[Commissioner Breall left the meeting at this time.]

[The rest of the calendar was heard out of sequence.]

5. POLICY ON ENCOURAGING THE HIRING OF MINORITY AND/OR WOMEN-OWNED BUSINESS ENTERPRISES ON A SUB-CONTRACT, JOINT-VENTURE AND/OR SUPPLIER BASES BY SFERS' INVESTMENT MANAGERS AND CONSULTANTS

Carolyn Hamilton, Chief Investment Officer, presented a draft resolution on MBE-WBE subcontracting for the Board to assess.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Casciato to approve the policy on encouraging the hiring of minority and/or women-owned business enterprises on a sub-contract, joint-venture and/or supplier bases by SFERS' investment managers and consultants as amended; motion passed 5-0.

BOARD MEMBERS

Clare Murphy reviewed with the Board the Cortex schedule. President Martel appointed Commissioners Driscoll and Korins to the Cortex Working Committee.

Commissioner Casciato requested a follow-up letter to Airport Police regarding counseling sessions.

Commissioner Casciato requested that the City Attorney review the Assembly Bill regarding health benefits for survivors.

Commissioner Casciato inquired of the Executive Director of SFERS personnel issues relating to lay offs. Clare Murphy responded to his concerns and informed the Board that the recent lay offs involved employees who were hired for specific temporary projects, i.e. prior service project.

CLOSED SESSION

Pursuant to the Ralph M. Brown Act, Government Code Section 54956.9(a) the Sunshine Act, San Francisco Administrative Code Section 67.11(b)(1), the Retirement Board met in closed session.

1. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
   (Subdivision (a) of Govt. C. sec. 54956.9)
   Name of Case: Marweg v. Retirement Board, San Francisco Superior Court No. 978135

2. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
   (Significant exposure to litigation pursuant to subdivision (b) (1) of Govt. C. sec. 54955.9: One case. Dispute concerning the calculation of the cost of an Option 2 benefit in the matter of Louis Leibowitz.)

   ACTION: The Board directed that the Louis Leibowitz case be submitted to the hearing officer process.

   The Board authorized the City Attorney to appeal Marweg's decision.

4. REPORT ON BROKERAGE COMMISSIONS GENERATED BY THE FUND DURING THE QUARTER ENDED MARCH 1997

   Michele Misiaszek, Security Analyst, presented a written and oral report on the total brokerage commissions generated by the Retirement Fund during the quarter ending March, 1997.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

[Commissioner Martel left the meeting at this time.]

6. REAL ESTATE-REIT OVERVIEW AND MANAGER ROLL-UP DISCUSSION INCLUDING PENDING AMB NEGOTIATIONS

Gary Hiatt, Portfolio Manager, and Frank Blaschka of the Townsend Associates, presented a written and oral report on current real estate trends concerning REIT roll ups and the AMB situation.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: No action was taken. Staff will bring AMB recommendation on June 25, 1997 to the Board for approval.

7. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Results of Recent Proxy Votes
- Recent Company Proxies Voted by the Staff in Accordance with Board Approved Guidelines

There being no further business, the Board adjourned its regular meeting at 6:10 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

San Francisco City and County Retirement System

Recommended Asset Allocation
For the Period Ending August 1997

Projected Net/Cont Withdrawals	$	(61,000,000.00)
Projected Income	$	92,765,620.82
Total Available For Allocation	$	31,765,620.82

Sector / Portfolio	Mkt Value 3/31/97	Projected Income & Capital Distribution	Additions (Deletions)	Crnt Wtgs	New Wtgs
Domestic Equity					
Index Fund (S&P 500)	$ 822,834,419	$ 4,361,022	$ (4,361,022)	10.35%	
S&P 500 Futures	$ 248,783,458	$ 2,786,375		3.13%	
Ark Asset Mgmt	$ 529,186,685	$ 2,645,933	$ (75,000,000)	6.66%	
Paradigm Asset Mgmt	$ 210,653,401	$ 63,196	$ 75,000,000	2.65%	
RCM	$ 439,153,134	$ 1,449,205		5.53%	
DFA	$ 124,601,838	$ 311,505		1.57%	
Dreyfus	$ 135,738,131	$ 149,312		1.71%	
Nicholas Applegate	$ 289,365,446	$ 86,810		3.64%	
Total	$ 2,800,316,513	$ 11,853,358	$ (4,361,022)	35.24%	35.19
International Equity					
Capital Guardian (EAFE)	$ 363,186,588	$ 1,234,834		4.57%	
Oeschle	$ 278,264,732	$ 445,224		3.50%	
Capital Guardian (Small Cap)***	$ 111,760,031	$ 558,800		1.41%	
Pictet International	$ 47,870,628	$ 191,483		0.60%	
Capital International (EMGF)	$ 256,579,541	$ 1,282,898		3.23%	
Total	$ 1,057,661,520	$ 3,713,238	$ -	13.31%	13.30
Domestic Fixed Income					
Internal	$ 1,509,117,405	$ 26,560,466	$ (117,253,183)	18.99%	
AFL-CIO HIT	$ 51,958,113			0.65%	
Scudder	$ 344,264,766	$ 5,852,501	$ 30,000,000	4.33%	
AEW Mortgage	$ 71,301,179	$ 1,426,024		0.90%	
Schroder Mortgage	$ 62,225,709	$ 1,244,514	$ -	0.78%	
TCW	$ 267,785,886	$ 6,560,754	$ -	3.37%	
Total	$ 2,306,653,058	$ 41,644,259	$ (87,253,183)	29.03%	28.34
Global Fixed Income					
Brinson Partners	$ 364,134,022	$ 6,117,452		4.58%	
Mercury	$ 275,976,774	$ 4,664,007		3.47%	
GMO	$ 76,090,877			0.96%	
Total	$ 716,201,673	$ 10,781,459	$ -	9.01%	9.11

San Francisco City and County Retirement System

ector Portfolio	Mkt Value 3/31/97	Projected Income & Capital Distribution	Additions (Deletions)	Crnt Wtgs	New Wtgs
eal Estate					
AMB	$ 123,418,556	$ 1,700,000	$ 16,449,000	1.55%	
CB Fund III	$ 286,794	$ -	$ -	0.00%	
CB Fund V	$ 2,263,074	$ -	$ -	0.03%	
CB Fund VI	$ 9,204,845	$ 361,631	$ -	0.12%	
CB Fund VIII	$ 6,169,559	$ 2,184,822	$ -	0.08%	
DLJ Real Estate	$ 2,661,423			0.03%	
JMB I	$ 5,019,336			0.06%	
Lehndorff Babson	$ 90,325,693	$ 950,000	$ -	1.14%	
Metric Realty	$ 102,784,308	$ 1,900,000	$ -	1.29%	
OCM Real Estate Fund I	$ 10,203,000	$ -	$ 4,000,000	0.13%	
Pacific Acquisition/Stoneson Dev.	$ 9,169,132	$ 3,500,000	$ 400,000	0.12%	
RREEF General/Industrial	$ 244,535,276			3.08%	
Schroder A	$ 19,852,308	$ 185,185	$ -	0.25%	
Total	$ 625,893,303	$ 10,781,638	$ 20,849,000	7.88%	8.24%
ternative Investments					
ABRY Broadcast Partners II	$ 3,621,598	$ 200,000	$ 80,000	0.05%	
ABRY Broadcast Partners III	$ 1,105,148	$ -	$ 408,256	0.01%	
Advent VII L.P.	$ 8,584,226	$ 375,000	$ 375,000	0.11%	
Advent VIII L.P.	$ 0	$ -	$ -	0.00%	
Alta III	$ 12,492,653	$ -	$ -	0.16%	
Alta V	$ 9,747,960	$ -	$ 500,000	0.12%	
APAX Capital Risque III	$ 4,303,674	$ -	$ -	0.05%	
APAX Intl. Ventures IV	$ 3,195,961	$ 486,150	$ -	0.04%	
APAX V	$ 10,224,397	$ 7,697,375	$ -	0.13%	
Asia Pacific Trust	$ 3,805,492	$ -	$ -	0.05%	
Battery Ventures	$ 8,296,240			0.10%	
Battery Ventures IV	$ 1,687,500			0.02%	
Belmont Capital Partners II	$ 4,926,844	$ -	$ -	0.06%	
Blackstone Cap. Partners II	$ 11,451,000			0.14%	
Castle Harlan	$ 6,035,709	$ 8,143	$ -	0.08%	
Castle Harlan III	$ 191,989	$ -	$ 650,000	0.00%	
Clayton Dubilier & Rice V	$ 5,163,774	$ -	$ 170,000	0.06%	
Crossroads S.F.	$ 15,647,647	$ 1,500,000	$ -	0.20%	
DLJ Merchant Banking	$ 371,572			0.00%	
First Reserve Fund VI	$ 19,999,436	$ -	$ 580,457	0.25%	
First Reserve Fund VII	$ 6,924,169	$ -	$ 3,300,000	0.09%	
Foothill Partners II LP	$ 6,532,158	$ 250,000	$ 650,000	0.08%	
Foothill Partners III	$ 11,258,846	$ 375,000	$ 1,400,000	0.14%	
Grotech IV LP	$ 6,947,128	$ -	$ -	0.09%	
Hancock Int'l Private Equity Ptn.	$ 1,607,558			0.02%	
H&Q Asia Gr Fund III	$ 5,257,908			0.07%	
Hellman Friedman II	$ 5,927,702	$ -	$ -	0.07%	
Hellman Friedman III	$ 14,005,405	$ -	$ -	0.18%	
Knightsbridge	$ 8,314,140	$ -	$ 300,000	0.10%	
Knightsbridge III	$ 2,722,300	$ -	$ -	0.03%	
Madison Dearborn	$ 14,406,667	$ -	$ -	0.18%	
Madison Dearborn II	$ 1,891,483	$ -	$ 856,756	0.02%	
Menlo Ventures VI	$ 8,876,754	$ -	$ 800,000	0.11%	
Merit Energy Partners VI	$ 27,882,625			0.35%	
Morgan Grenfell III	$ 3,198,150	$ -	$ 972,300	0.04%	
OCM Opportunities	$ 17,040,000	$ -	$ 1,800,000	0.21%	
Polaris Venture Partners LP	$ 2,023,838	$ -	$ 400,000	0.03%	
Rimco Partners IV	$ 7,323,577			0.09%	

San Francisco City and County Retirement System

Sector	Portfolio	Mkt Value 3/31/97	Projected Income & Capital Distribution	Additions (Deletions)	Crnt Wtgs	Ne Wt
	SCF Partners III	$ 11,911,448	$ -	$ -	0.15%	
	Sprout Cap VII	$ 5,982,208			0.08%	
	Summit IV	$ 10,557,213			0.13%	
	Summit Ventures III LP	$ 9,146,831			0.12%	
	TCW Royalty Fund IV	$ 5,620,436	$ 100,000	$ 800,000	0.07%	
	TCW Special Credit Fund IV	$ 7,517,226	$ 3,000,000	$ -	0.09%	
	Thomas H Lee Equity Fund III	$ 10,870,713			0.14%	
	TPG Partners	$ 27,693,631			0.35%	
	Vestar Equity Partners	$ 11,462,171			0.14%	
	Vestar Equity Partners II	$ 196,780			0.00%	
	Warburg, Pincus Counsellors	$ 17,165,209			0.22%	
	Weston Presidio II	$ 4,587,601	$ -	$ -	0.06%	
	Weston Presidio Offshore	$ 4,864,037	$ -	$ -	0.06%	
	Zell/Chilmark	$ 25,244,943	$ -	$ 105,500	0.32%	
	Total	$ 435,813,676	$ 13,991,668	$ 14,148,269	5.48%	5
Cash	Cash Reserves	$ 4,383,064		$ (4,383,064)	0.06%	0
	Total**	$ 7,946,922,806	$ 92,765,621	$ (61,000,000)		

***Preliminary Northern Trust*

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WEDNESDAY, JUNE 25, 1997

12:30 P.M.

Present:	**Patricia Martel**	**President**
	William Breall, M.D.	**Commissioner**
	Al Casciato	**Commissioner**
	Leopold Korins	**Commissioner**
	Herb Meiberger	**Commissioner**
Absent:	**Michael J. Yaki**	**Supervisor**
	Joseph D. Driscoll	**Vice President**
	Clare M. Murphy	**Executive Director Retirement System**

MINUTES: Minutes of the Regular Meeting of May 28, 1997.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Martel reviewed the Public Comment procedure for the attendees. No comments were made at this time.

REGULAR CALENDAR

1. STRATEGIC PLAN MONTHLY PROGRESS REVIEW

   Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: It was moved by Korins, seconded by Casciato that additional goals and objectives to the Strategic Plan be reviewed after the completion of the Cortex workshop; motion passed 5-0.

2. UNFINISHED BUSINESS LIST

   Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: No action was taken.

[The regular calendar item no. 3 was heard after the investment calendar item no. 5.]

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy updated the Board on the Benefit Payment System.
2. Updated the Board on the Budget Hearings of June 17 and 24, 1997 before the Board of Supervisors Finance Committee.
3. Reviewed the Prospective Retirement Board Meeting Schedule and Topics.
4. Provided an update on the Airport Police and San Francisco Police Department merger effective July 1, 1997.
5. Updated the Board on the collective bargaining with the Fire Department and the Paramedics.
6. Reviewed with the Board the status of the Electronic Funds Transfer project.
7. Le Cafe has lost their lease. We are currently utilizing the services of Caffe Trinity for the Board Members' lunches.

ACTUARY'S REPORT

Kieran Murphy, Actuary, reported the Charter Amendment relating to the "buyout" that will be before the Board of Supervisors on June 30, 1997.

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. a. VOLUNTARY RETIREMENT BOARD LIST NO. 23-96

   b. VOLUNTARY RETIREMENT BOARD LIST NO. 24-96

2. DECISION OF HEARING OFFICER

a. Joseph M. Campanella
1821 Management Information Systems Manager - City Attorney's Office
Ordinary Disability Retirement/Stipulation
Effective Date: December 16, 1995 Granted

b. Georgene Costello
7355 Truck Driver - Recreation and Park
Ordinary Disability Retirement
Effective Date: March 1, 1996 Granted

c. David Feldman
2615 Lunchroom Helper - San Francisco Unified School District
Ordinary Disability Retirement
Effective Date: June 1, 1996 Granted

d. Dave Feltham
5290 Transit Planner IV - Planning Department
Ordinary Disability Retirement
Effective Date: June 21, 1997 Granted

e. Edna Herbert
9163 Transit Operator - MUNI
Ordinary Disability Retirement/Stipulation
Effective Date: November 1, 1996 Granted

f. Armando A. Jovel
7313 Automotive Machinist - Water Department
Ordinary Disability Retirement
Effective Date: September 1, 1996 Granted

g. Famous Limbrick, Jr.
9163 Transit Operator - MUNI
Ordinary Disability Retirement
Effective Date: June 1, 1996 Granted

h. Robert L. Peterson
(Mary A. Peterson - widow)
0380 Inspector - Police Department
Death as a Result of Duty
Effective Date: June 1, 1996 Granted

i. Henry L. Rodgers
2708 Custodian - MUNI
Ordinary Disability Retirement/Stipulation
Effective Date: June 1, 1996

Granted

j. Anthony J. Sadoti
3417 Gardener - Recreation and Park
Ordinary Disability Retirement

Denied

k. Howard L. Slater
0150 Deputy Chief - Fire Department
Industrial Disability Retirement/Stipulation

Denied

l. Robert A. Srock
Q-2 Police Officer - Police Department
Industrial Disability Retirement
Effective Date: June 7, 1997

Granted

m. Richard Triggs
9163 Transit Operator - MUNI
Reinstatement

Granted

n. Richard White
7215 General Laborer Supervisor I - Public Works
Ordinary Disability Retirement
Effective Date: November 12, 1996

Granted

3. PETITION FOR REHEARING

a. Robert E. Blanchard
H-10 Chief Operator - Fire Department
Industrial Disability Retirement/Stipulation

Denied

b. Amalia Cosio
Counselor - Juvenile Hall
PERS

Denied

c. Wayne W. Knutsen
H-20 Lieutenant - Fire Department
Industrial Disability Retirement/Stipulation

Denied

d. Timothy B. Nolan
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation

Denied

e. John R. Schnapp
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation
Denied

f. Lucian M. Vance III
Q-2 Police Officer - Police Department
Industrial Disability Retirement
Denied

g. David O. Wormell
H-20 Lieutenant - Fire Department
Industrial Disability Retirement/Stipulation
Denied

4. DISMISSAL OF DISABILITY RETIREMENT APPLICATION

a. Gary D. Esget

b. Alex Hannah

c. Joseph E. Smith

5. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Paula Marie Hollander

b. Chris Y. Siu

6. APPLICATION FOR BIRTHDATE CORRECTION

Lien Huu Luong

7. REQUEST FOR AUTHORIZATION FOR LEOPOLD KORINS, BOARD MEMBER, TO ATTEND THE IFEBP INVESTMENTS INSTITUTE TO BE HELD IN BOSTON, MASSACHUSETTS ON JULY 28-30, 1997

8. REQUEST FOR AUTHORIZATION FOR BOARD MEMBERS TO ATTEND THE IIR'S 6TH ANNIVERSARY PUBLIC FUND BOARDS FORUM TO BE HELD IN SAN FRANCISCO, CA ON NOVEMBER 2-4, 1997

9. REQUEST TO CANCEL THE JULY 29, 1997 RETIREMENT BOARD MEETING AND RESCHEDULE A SPECIAL MEETING ON AUGUST 1, 1997 STARTING AT 8:30 A.M.

ACTION: 1. It was moved by Casciato, seconded by Meiberger to approve the Consent Calendar except item no. 2h; motion passed 5-0.

2. Commissioner Breall requested that item no. 2h be removed so as to review the medical report on file. After the review of the file, it was moved by Breall, seconded by Meiberger to approve item no. 2h; motion passed 5-0.

INVESTMENT CALENDAR

1. INVESTMENT MANAGER PRESENTATION: MERCURY ASSET MANAGEMENT

Eric Nelson, Director, and Nick Ritchie, Senior Director of Mercury Asset Management presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

2. RECOMMENDATION TO INVEST UP TO $15 MILLION IN YORKTOWN ENERGY PARTNERS III, L.P.

Gary Hiatt, Portfolio Manager; Brewster Wyckoff, Securities Analyst, and Kristine Dailey of Cambridge Associates presented a written and oral report recommending that up to $15 million be invested in Yorktown Energy Partners III, L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Casciato to invest up to $15 million in Yorktown Energy Partners III, L.P.; motion passed 5-0.

3. RECOMMENDATION TO INVEST UP TO $30 MILLION IN BLACKSTONE CAPITAL PARTNERS III

Gary Hiatt, Portfolio Manager; Brewster Wyckoff, Securities Analyst, and Kristine Dailey of Cambridge Associates presented a written and oral report recommending that up to $30 million be invested in Blackstone Capital Partners III, L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Korins, seconded by Meiberger to invest up to $30 million in Blackstone Capital Partners III; motion passed 5-0.

4. RECOMMENDATION TO ALLOW LEVERAGE IN THE MERIT VI LIMITED PARTNERSHIP

Gary Hiatt, Portfolio Manager; and Kristine Dailey of Cambridge Associates presented a written and oral report recommending that the Board permit Merit to include leverage in the partnership.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Korins, seconded by Meiberger to amend Merit VI Limited Partnership to permit inclusion of the debt facility, with a maximum debt level of 35%; motion passed 5-0.

5. TRIENNIAL EQUITY REVIEW

Carl Wilberg, Portfolio Manager; Mark Coleman, Securities Analyst; and Leslie Kautz of Asset Strategy Consulting presented to the Board a comprehensive review of the equity investment portfolio and recommend actions which are expected to improve program results.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. International equity portfolio recommendations will be discussed at the August 12, 1997 Board meeting.

ACTION: The Board took the following actions:

1. It was moved by Casciato, seconded by Meiberger to increase the funds passively managed from the current approximate 49% weight of equities to a goal of approximately 50-60%; motion passed 4-0 (President Martel was not present for the vote.)

2. It was moved by Meiberger, seconded by Casciato to seek an external manager for S&P Futures Portfolio using S&P futures; motion passed 5-0.

3. It was moved by Korins, seconded by Breall to reduce holding of Ark Asset Management portfolio by $110 million and reallocate it to Paradigm Asset Management; motion passed 5-0.

4. It was moved by Meiberger, seconded by Korins to reaffirm the management at the S&P 500 Index account by Axe-Houghton; motion passed 5-0.

5. It was moved by Korins, seconded by Casciato to compensate active managers by using performance based fees where possible; motion passed 5-0.

6. It was moved by Casciato, seconded by Meiberger to adopt staff's recommendation not to terminate RCM; motion passed 5-0.

REGULAR CALENDAR

1. REVIEW OF ACTUARIAL CONTRACT

Catherine Cole of Towers Perrin responded to the actuarial concerns outlined by Kieran Murphy, Actuary.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Kieran Murphy, Actuary, requested that further discussion continue between himself and Catherine Cole of Towers Perrin to arrive at a resolution. He requested that members be available also to review issues. President Martel and Commissioner Casciato will be available to review the concerns and issues of the actuarial contract, with Commissioner Meiberger as an alternate.

ACTION: No action was taken. This matter will be brought back to the Board on July 8, 1997.

INVESTMENT CALENDAR

6. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Schroder Mortgage Associates
- Recent Company Proxies Voted by the Staff in Accordance with Board Approved Guidelines

BOARD MEMBERS

No report was made.

There being no further business, the Board adjourned its regular meeting at 4:40 p.m.

Respectfully submitted,

Clare M. Murphy

Clare M. Murphy
Executive Director

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

TUESDAY, JULY 8, 1997

12:30 P.M.

Present:	**Patricia Martel**	**President**
	Joseph D. Driscoll	**Vice President**
	William Breall, M.D.	**Commissioner**
	Al Casciato	**Commissioner**
	Leopold Korins	**Commissioner**
	Herb Meiberger	**Commissioner**
	Michael J. Yaki	**Supervisor**
	Clare M. Murphy	**Executive Director Retirement System**

MINUTES: **Minutes of the Regular Meeting of June 25, 1997.**

ACTION: **Approved as submitted.**

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Martel reviewed the Public Comment procedure for the attendees. No comments were made at this time.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 1-97

2. DECISION OF HEARING OFFICER

   Thomas Underwood
   H-30 Captain - Fire Department
   Industrial Disability Retirement/Stipulation
   Effective Date: November 27, 1996 Granted

3. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

   a. Pamela Lynn Clark

   b. Paul Haynes

4. APPLICATION FOR BIRTHDATE CORRECTION

   Kimberly L. Belmont

5. REQUEST FOR THE DESTRUCTION OF RECORDS: RETIREMENT SYSTEM

ACTION: It was moved by Breall, seconded by Meiberger to approve the Consent Calendar; motion passed 5-0.

INVESTMENT CALENDAR

1. CHIEF INVESTMENT OFFICER'S REPORT

   a. Proxy Votes

      There were no proxy votes.

   b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

      - Scudder, Stevens & Clark, Inc. has joined forces with the Zurich Group, a highly regarded worldwide provider of insurance and investment products and services, to form a strategic alliance through which Scudder will provide Zurich's core investment management capability. This alliance will better enable Scudder to meet the challenge of today's mutual fund business and provide a platform for the global expansion of their institutional and mutual fund franchise.
      - Schroder Real Estate Fund A Portfolio Disposition
      - Recent Company Proxies Voted by the Staff in Accordance with Board Approved Guidelines: Voted for the merger of Proctor and Gamble with Tambrands.
      - AMB Presentation will be discussed at the August 12, 1997 Board meeting.
      - Gary Hiatt, Portfolio Manager, will be leaving SFERS to accept a position at Pantheon Ventures.

[Supervisor Yaki arrived at this time.]

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy updated the Board on the outstanding collective bargaining issues. The Paramedics merger with the San Francisco Fire Department (SFPD) went into effect on July 1, 1997. The SFPD merger with SF Airport Police went into effect July 1, 1997 but change in ranks has not yet occurred. The Police Officers Association and Police and Fire Chiefs MOUs are pending at the Board of Supervisors Finance Committee. They are on the draft calendar for the July 16, 1997 meeting.

2. Reported to the Board on a recent meeting with Pete Belardinelli, Field Manager of Hartford Life on the future contract enhancements to be brought to the Board for action at a future meeting.

3. Reviewed with the Board items passed out to them at the meeting: a Hartford Statement Account June 30, 1997; letter from Supervisor Michael Yaki regarding a contract compliance officer position at SFERS; and the article in the Bay Guardian regarding Sunshine Task Force and issues relating to the Retirement Board.

4. Reviewed with the Board future Board meeting dates: 8/1/97 Cortex Workshop; 8/12/97 and 8/26/97 regularly scheduled meetings.

ACTUARY'S REPORT

Kieran Murphy, Actuary, reported on the following items:

1. Police Officers' Association's Memorandum of Understanding is pending at the Board of Supervisors Finance Committee, if passed, it will affect retirement benefits.
2. Supervisor Leal has requested a comparison of the recent passage of Proposition D benefits (SFFD) to the Police Officers Association proposed MOU.

CITY ATTORNEY'S REPORT

No report was made.

REGULAR CALENDAR

1. QUARTERLY REPORT ON CONCEPTS AND STATUS OF THE AUTOMATED RETIREMENT SYSTEMS

   Ron Puff, Information Systems Manager, reviewed with the Board the ongoing projects and status of the automated Retirement System. He reported to the Board that the Benefit Payment System was implemented on July 1, 1997.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

2. RETIREMENT RELATED CHARTER AMENDMENTS PROPOSED FOR NOVEMBER, 1997

Kieran Murphy, Actuary, presented a written and oral report to the Board on a proposed Charter Amendment that would allow 1981 police and fire buyout members to repay their buyout payments plus interest and receive Tier 2 retirement improvements.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: No action was taken.

3. REPORT ON PROPOSITION C IMPLEMENTATION

Clare Murphy, Executive Director, Kieran Murphy, Actuary, and Les Win, Chief Accountant, reviewed with the Board the status and process of the implementation of Proposition C.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken. This item will be brought back to the Board for action.

[Commissioner Casciato arrived at this time.]

4. REVIEW OF ACTUARIAL CONTRACT

Kieran Murphy, Actuary, discussed and reviewed with the Board the actuarial services and options available. He recommended to the Board to extend for one year the actuarial contract with Towers Perrin with the expectation of overall better services. He will keep the Board updated on this matter.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Breall to extend Towers Perrin's actuarial contract for another year; motion passed 7-0.

BOARD MEMBERS

Supervisor Yaki reviewed with the Board and staff his correspondence regarding the possibility of adding a Human Rights part-time Contract Compliance Officer to the staff of SFERS. The Board discussed relating issues and expressed their concerns. This item will be calendared for the August 26, 1997 Retirement Board Finance Committee meeting.

There being no further business, the Board adjourned its regular meeting at 2:11 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

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City and County of San Francisco

San Francisco City and County
Employee's Retirement System
Office of The Executive Director

MEMORANDUM

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July 8, 1997

To: The Retirement Board

From: Clare M. Murphy
Executive Director

Subject: **PROSPECTIVE RETIREMENT BOARD MEETING SCHEDULE AND TOPICS**

DATE	TIME	TENTATIVE TOPICS
08/01/97 Friday	8:30 a.m.	**Special Meeting** Cortex Meeting - Fiduciary Education
08/12/97	12:30 p.m.	**Regular Meeting** Report on Proposition C, Establishing the Reserve Hartford Deferred Compensation New Options/Closed Accounts Retirement System Travel Expense Report for the Period Ending June 30, 1997 AMB Recommendation Recommendation on Below Investment Grade Commercial Mortgage-Backed Securities Finalists
08/26/97	12:30 p.m.	**Regular Meeting** Strategic Plan Monthly Progress Review Unfinished Business List Finance Committee Report Hartford Deferred Compensation Plan Contract Performance Review of the Retirement Fund for the Period Ending June 30, 1997 Recommendation for the Allocation of Funds for the Period Ending November 30, 1997 Quarterly Brokerage Report Below Investment Grade Commercial Mortgage-Backed Securities Presentations

DATE	TIME	TENTATIVE TOPICS
09/09/97	12:30 p.m.	**Regular Meeting** Recommendation on the Selection of the Below Investment Grade Commercial Mortgage-Backed Securities Manager
09/30/97	12:30 p.m.	**Regular Meeting** Strategic Plan Monthly Progress Review Unfinished Business List Hartford Deferred Compensation Annual Report
10/14/97	12:30 p.m.	**Regular Meeting**
10/28/97	12:30 p.m.	**Regular Meeting** Strategic Plan Monthly Progress Review Unfinished Business List Finance Committee Report Draft Annual Report Retirement System Travel Expense Report for the Period Ending September 30, 1997 Real Estate Semi-Annual Performance Review

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FRIDAY, AUGUST 1, 1997

8:30 A.M.

Present:	**Patricia Martel**	**President**
	Joseph D. Driscoll	**Vice President**
	William Breall, M.D.	**Commissioner**
	Al Casciato	**Commissioner**
	Leopold Korins	**Commissioner**
	Herb Meiberger	**Commissioner**
	Michael J. Yaki	**Supervisor**

Clare M. Murphy — **Executive Director Retirement System**

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RETIREMENT BOARD

SPECIAL MEETING

PUBLIC COMMENT

Vice President Driscoll reviewed the Public Comment procedure for the attendees. No comments were made at this time.

1. FIDUCIARY AWARENESS SEMINAR PRESENTED BY CORTEX APPLIED RESEARCH INC.

   John Por and Tom Iannucci of Cortex Applied Research, Inc. conducted a seminar on fiduciary awareness.

   The Board and members of the senior staff engaged in discussion.

There being no further business, the Committee adjourned its special meeting at 3:00 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

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TUESDAY, AUGUST 12, 1997

12:30 P.M.

Present:	**Patricia Martel**	**President**
	Joseph D. Driscoll	**Vice President**
	Al Casciato	**Commissioner**
	Leopold Korins	**Commissioner**
	Herb Meiberger	**Commissioner**
Absent:	**Michael J. Yaki**	**Supervisor**
	William Breall, M.D.	**Commissioner**

Clare M. Murphy — **Executive Director Retirement System**

MINUTES: **Minutes of the Regular Meeting of July 8, 1997.**

ACTION: **Approved as submitted.**

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RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Martel reviewed the Public Comment procedure for the attendees. John Ross of Public Works discussed his concern on the Deferred Compensation Plan S&P Index Fund performance.

REGULAR CALENDAR

1. HARTFORD DEFERRED COMPENSATION NEW OPTIONS/CLOSED ACCOUNTS

   Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff. The Board created a subcommittee to meet with Hartford representatives to discuss the different fund options available to participants; the subcommittee members are Commissioners Korins and Casciato.

   ACTION: 1. It was moved by Casciato, seconded by Driscoll to approve the closure of four funds and the implementation of the Dollar-Cost-Averaging investment transfer system; motion passed 5-0.

   2. It was moved by Meiberger, seconded by Driscoll to add Putnam High Yield Advantage Account to the Hartford funds; motion passed 5-0.

   3. It was moved by Driscoll, seconded by Casciato to add Skyline Special Equities II account; motion passed 3-2 (Korins and Meiberger).

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy updated the Board on the outstanding collective bargaining issues. The Police Officers Association and Police and Fire Chiefs MOUs will not be heard before mid-

September at the Board of Supervisors Finance Committee. The Fire Rescue Paramedics MOU is not finalized.

2. Reported to the Board on the Hartford Life Proxy votes which were voted by the staff.

3. The Controller's Office placed the Trust fund and Health Service System budget under review. Staff is currently reviewing this matter with the City Attorney's Office.

4. Presented the Board with possible dates for the Cortex Workshop. The Board selected October 17, 1997 and agreed to cancel the regularly scheduled meeting of October 14, 1997. These changes will be calendared at the August 26, 1997 meeting.

5. The 4331 Security Analyst has been posted. The Human Resources Department staff is in the process of preparing documentation for the classification of the Senior Investment Officer position with August as the target for completion. Examination will be conducted after completion of the classification study by the Human Resources Department.

6. Reported to the Board a letter received from Alan G. Hevesi, Comptroller of the City of New York related to Switzerland's handling of World War II-era dormant bank accounts. Copies of the letter will be provided to the Board at the next meeting.

7. Reported on the federal budget and tax laws that were approved includes pension-related items, i.e. non-discrimination clauses, grandfathering of service purchase provisions for public plans.

8. Staff is meeting on a weekly basis with technical staff to pay basic COLAS and program the Supplemental COLA provided for in Proposition C; an update will be provided at the next meeting.

ACTUARY'S REPORT

Kieran Murphy, Actuary, presented an oral report on the following items:

1. Preliminary outline of Proposition C excess earnings; full report due on August 26, 1997.
2. He will attend the Chamber of Commerce review of Proposition C, November, 1997 relating to Police and Fire Buyout.

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. a. VOLUNTARY RETIREMENT BOARD LIST NO. 2-97

   b. VOLUNTARY RETIREMENT BOARD LIST NO. 3-97

2. DECISION OF HEARING OFFICER

   a. William Brandon
   1424 Clerk Typist - Department of Social Services
   Ordinary Disability Retirement/Stipulation
   Effective Date: April 30, 1997 Granted

   b. Eugene Christian
   2302 Clinical Nurse Assistant - Public Health/Laguna Honda Hospital
   Ordinary Disability Retirement
   Effective Date: September 23, 1995 Granted

   c. Michael Creedon
   H-2 Firefighter - Fire Department
   Industrial Disability Retirement
   Effective Date: July 1, 1997 Granted

   d. George R. Haney
   H-2 Firefighter - Fire Department
   Industrial Disability Retirement/Stipulation
   Effective Date: March 6, 1996 Granted

   e. William J. McGee
   (Nancy J. McGee - widow)
   Q-2 Police Officer - Police Department
   Allowance - Death as a Result of Duty
   Effective Date: November 9, 1995 Granted

   f. Todd Peterson
   1936 Senior Storekeeper - Port Commission
   Ordinary Disability Retirement
   Effective Date: May 23, 1997 Granted

g. Eddy Pinales
7235 Transit Line Supervisor - MUNI
Ordinary Disability Retirement
Effective Date: April 1, 1996 — Granted

h. Aaron Polk
7235 Transit Line Supervisor - MUNI
Ordinary Disability Retirement/Stipulation — Denied

i. Michael Schapiro
9163 Transit Operator - MUNI
Ordinary Disability Retirement
Effective Date: October 1, 1995 — Granted

j. Calvin Shaw
2909 Hospital Eligibility Worker Supervisor - Public Health/SFGH
Ordinary Disability Retirement
Effective Date: April 19, 1997 — Granted

k. William F. Stephens
Senior Deputy Sheriff - Sheriff's Department
PERS — Granted

l. Edward A. Tank
(Karen Tank - widow)
0380 Inspector - Police Department
Allowance - Death as a Result of Duty
Effective Date: December 10, 1996 — Granted

m. Russell Taylor
7346 Painter - MUNI
Ordinary Disability Retirement
Effective Date: January 1, 1997 — Granted

3. PETITION FOR REHEARING

a. Alfreda Ferguson
2708 Custodian - Airport Commission
Ordinary Disability Retirement — Denied

b. Richard Goodsell
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation — Denied

c. Delmar A. Sanford
7326 Glazier - Public Works
Ordinary Disability Retirement/Stipulation
Effective Date: July 1, 1995 Granted

4. DISMISSAL OF DISABILITY RETIREMENT APPLICATION

a. Lee V. Cox

b. Walter Prince, Jr.

5. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Randy Flannery

b. Manolo L. Gonzales

c. Gwendolyn J. Henry

d. Patricia Moore

e. Eugenia Taulealo

f. Manuel B. Valle

6. APPLICATION FOR BIRTHDATE CORRECTION

Esther C. Johnson

7. REQUEST TO AMEND THE SFERS TRAVEL, EDUCATION AND DUE DILIGENCE POLICY

8. RESOLUTION CONGRATULATING GARY E. HIATT ON THE OCCASION OF HIS DEPARTURE FROM THE RETIREMENT SYSTEM

9. REQUEST FOR RETROACTIVE AUTHORIZATION FOR JOSEPH DRISCOLL, BOARD MEMBER, TO ATTEND THE ISPS EXECUTIVE COMMITTEE MEETING TO BE HELD IN BURBANK, CA ON JULY 28, 1997

ACTION: It was moved by Korins, seconded by Casciato to approve the Consent Calendar with an amendment on item no. 1b noting withdrawal of application of Michael Kemmitt; motion passed 5-0.

INVESTMENT CALENDAR

1. AMB INSTITUTIONAL REALTY MANAGEMENT PRESENTATION ON REIT ROLL-UP PROPOSAL

Hamid R. Moghadam, T. Robert Burke, and Barbara J. Linn of AMB Institutional Realty Advisors, Inc. presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an informational item only; no action was taken.

2. RECOMMENDATION ON AMB INSTITUTIONAL REALTY PROPOSAL TO CONSOLIDATE INTO REIT

Brewster Wyckoff, Securities Analyst; Terry Ahern of the Townsend Group presented a written and oral report regarding the System's participation in a REIT to be formed by AMB and its clients.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: 1. It was moved by Casciato, seconded by Meiberger to adopt staff's recommendation to contribute its AMB properties to the Roll-up in exchange for shares; give staff authority to transfer property or up to $15 million in to be managed by AMB as consideration on revision of the incentive fee structure; motion passed 5-0.

2. It was moved by Driscoll, seconded by Meiberger to direct staff to prepare a plan of action to deal with management of REIT and a plan to restore the private real estate portfolio; motion passed 5-0.

3. REVIEW OF DEVELOPMENTS RELATING TO L & B CORE GROUP TRUST

Brewster Wyckoff, Securities Analyst; and Terry Ahern of the Townsend Group presented an oral report regarding the System's real estate investment in the L&B CORE Group Trust

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an informational item only; no action was taken.

4. RECOMMENDATION ON BELOW INVESTMENT GRADE COMMERCIAL MORTGAGE-BACKED SECURITIES FINALISTS

Richard Piket, Portfolio Manager; presented a recommendation from staff and consultants regarding the selection of finalists to manage a portfolio of Below Investment Grade (BIG) Commercial Mortgage Backed Securities (CMBS).

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Casciato to approve the recommendation to select Fidelity Management Trust and Equitable Real Estate Hyperion Capital as the finalist candidates for manager of a portfolio of BIG CMBS; motion passed 5-0.

5. RECOMMENDATION TO INVEST UP TO $20 MILLION IN BC EUROPEAN CAPITAL VI

Brewster Wyckoff, Securities Analyst and Kristen Krohg of Cambridge Associates, presented a written report recommending that up to $20 million (ECU 18.7 million) be invested in BC European Capital VI.

ACTION: It was moved by Driscoll, seconded by Casciato to invest up to $20 million (ECU 18.7 million) be invested in BC European Capital VI; motion passed 5-0.

6. RECOMMENDATION TO INVEST UP TO $20 MILLION IN DOUGHTY HANSON & CO III

Brewster Wyckoff, Securities Analyst and Kristen Krohg of Cambridge Associates, presented a written report recommending that up to $20 million be invested Doughty Hanson & Co III.

ACTION: It was moved by Driscoll, seconded by Korins to invest up to $20 million be invested in Doughty Hanson & Co III; motion passed 5-0.

[The Investment Item no. 7 Chief Investment Officer's Report was continued to August 26,1997 meeting.]

BOARD MEMBERS

ACTION: It was moved by Korins, seconded by Casciato to reconsider the June 25, 1997 meeting decision regarding S&P futures with cash management and to expand authorization for the search to cover enhanced strategies utilizing synthetics as well as quantitative/qualitative alternatives; motion passed 4-1 (Meiberger). This action will be formally calendared at the August 26, 1997 meeting.

There being no further business, the Board adjourned its regular meeting in honor of Gary Hiatt's departure from the Retirement System at 4:20 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director

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RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

TUESDAY, AUGUST 26, 1997

12:30 P.M.

Present:	**Joseph D. Driscoll**	**Vice President**
	William Breall, M.D.	**Commissioner**
	Al Casciato	**Commissioner**
	Leopold Korins	**Commissioner**
	Herb Meiberger	**Commissioner**
	Michael J. Yaki	**Supervisor**
Absent:	**Patricia Martel**	**President**
	Clare M. Murphy	**Executive Director Retirement System**

MINUTES: **Minutes of the Regular Meeting of August 12, 1997 and Special Meeting of August 1, 1997.**

ACTION: **Approved as submitted.**

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

Vice President Driscoll reviewed the Public Comment procedure for the attendees. Mike Hebel, speaking on behalf of the Police Officers Association, requested the Board to review new investment options being offered by Hartford Life and requested the Board select the Janus Fund as a choice for participants to invest monies.

Mike Hebel, attorney for William Setzler and Ed Lieberman, reviewed the disability retirement case regarding Deputy Sheriff Setzler and requested the Board to review the case. Attorney Hebel presented a new report regarding the video tape evidence in the case.

Ed Lieberman, San Francisco Sheriff's Deputy Association, reviewed with the Board the issues regarding light duty within the Sheriff's Department.

The Board agreed to review the report and calendar this item at a Closed Session on September 9, 1997.

REGULAR CALENDAR

1. UNFINISHED BUSINESS LIST

   Commissioner Meiberger presented a written and oral report and submitted a written request to staff regarding performance attribution of S&P Futures account.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: No action was taken.

2. ESTABLISHMENT OF RESERVE ACCOUNT FOR PAYMENT OF SPECIAL COLAS (PROPOSITION C)

   Kieran Murphy, Actuary, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff regarding the amount of the reserve account for payment of the Proposition C (COLAs). The Board questioned Mr. Kieran Murphy, Actuary, regarding the precision of the projections and the "truing up" procedure.

ACTION: It was moved by Breall, seconded by Casciato to adopt the staff report to establish the reserve account for payment of supplemental COLAs (Proposition C); motion passed 6-0.

3. UPDATE ON PROPOSITION C IMPLEMENTATION

Maria Newport, Administrator, Retirement Services, provided the Board with an update on the year-to-date operation of the Retirement Services staff leading up to the implementation of the payment of Proposition C COLAs. Ms. Newport indicated that every effort is being made to pay the supplemental COLAs as part of the November 30, 1997 retirees' allowance warrant.

The Board and members of the public reviewed and discussed the material and engaged in a question and answer session with staff. Winchell Hayward requested explanation of recommendation and raised questions relating to interest payable, if any, on these monies.

This is an information item only; no action was taken.

[The rest of the calendar was heard out of sequence.]

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 4-97

2. DECISION OF HEARING OFFICER

a. Lonnie Bratt
8304 Deputy Sheriff - Sheriff's Office
PERS Granted

b. Daniel Jackson
3320 Animal Keeper - Recreation and Park
Ordinary Disability Retirement
Effective Date: April 1, 1997 Granted

c. Beverly Lawrence
8213 Police Services Aide - Police Department
Ordinary Disability Retirement
Effective Date: October 1, 1996 Granted

d. James S. Spellman
3280 Assistant Recreation Director - Recreation and Park
Ordinary Disability Retirement
Effective Date: February 1, 1997 Granted

e. Walter E. Thompson
9163 Transit Operator - MUNI
Ordinary Disability Retirement/Stipulation Denied

3. DISMISSAL OF DISABILITY RETIREMENT APPLICATION

Harvey Rockwell

4. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Renie Champagne

b. Robert Harrell

c. Patricia M. Pearson

5. REQUEST TO RECONSIDER THE JUNE 25, 1997 MEETING DECISION REGARDING S&P FUTURES WITH CASH MANAGEMENT AND TO EXPAND AUTHORIZATION FOR THE SEARCH TO COVER ENHANCED STRATEGIES UTILIZING SYNTHETICS AS WELL AS QUANTITATIVE/QUALITATIVE ALTERNATIVES

6. RESOLUTION NO. 44: DELEGATION OF INVESTMENT AUTHORITY AND TRADING AUTHORITY

7. REQUEST TO CANCEL THE OCTOBER 14, 1997 RETIREMENT BOARD MEETING AND RESCHEDULE A SPECIAL MEETING ON OCTOBER 17, 1997 WITH A STARTING TIME OF 8:30 A.M.

ACTION:

1. It was moved by Breall, seconded by Korins to approve the Consent Calendar except item nos. 5, 6 and 7; motion passed 6-0.

2. It was moved by Korins, seconded by Casciato to approve item no. 5; motion passed 5-1 (Meiberger).

3. It was moved by Breall, seconded by Meiberger to approve item no. 6; motion passed 6-0.

4. It was moved by Breall, seconded by Meiberger to approve item no. 7; motion passed 5-0. (Supervisor Yaki abstained from voting.)

REGULAR CALENDAR

(Continued)

4. RETIREMENT SYSTEM TRAVEL EXPENSE REPORT FOR THE PERIOD ENDING JUNE 30, 1997

Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

5. CONSIDERATION OF ALTERNATIVE STARTING TIMES FOR THE SEPTEMBER 9, 1997 MEETING

Clare Murphy, Executive Director, explained that a request was being made on behalf of the Board President to either begin the September 9, 1997 meeting at 10:00 a.m. or 2:00 p.m.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Casciato informed the Board and staff that he would be out of state and unable to attend the September 9, 1997 meeting.

ACTION: It was moved by Breall, seconded by Meiberger to change the starting time for the September 9, 1997 meeting to 2:00 p.m.; motion passed 6-0.

6. FINANCE COMMITTEE REPORT

Commissioner Driscoll presented an oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy updated the Board on the outstanding collective bargaining issues.
2. Ms. Murphy and President Martel attended the August 20, 1997 Sunshine Task Force meeting which was canceled due to lack of quorum; the meeting has been rescheduled to September 17, 1997.
3. We have received 15 applications for the 4331 Securities Analyst position and examinations will be held on the first week of October.
4. At the Civil Service Commission meeting, a Local 21 representative has made inquiries regarding SFERS personal contracts, fees and efficiencies; Ms. Murphy has responded to the request.
5. Reported to the Board that SFERS staff had a celebration on August 20, 1997 to recognize staff's efforts in implementing the new Benefit Payment System.
6. Informed the Board members to contact Ron Puff, MIS Manager, if they would like to have a demonstration of the new Benefit Payment System.
7. Informed the Board that President Pat Martel, Carolyn Hamilton and herself will be meeting on August 28, 1997 at 2:00 p.m. with Vicky Bamba, Executive Director of the Human Rights Commission.

INVESTMENT CALENDAR

1. PERFORMANCE REVIEW OF THE RETIREMENT FUND FOR THE PERIOD ENDING JUNE 30, 1997

Carolyn Hamilton, Chief Investment Officer; Richard Piket, Portfolio Manager; Carl Wilberg, Portfolio Manager; and Leslie Kautz of Asset Strategy Consulting presented

written and oral reports outlining the performance of the Retirement Fund for the period ending June 30, 1997.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. On October 28, 1997, staff will present to the Board a procedure for an educational presentation relating to a benchmark for Global Bond managers and the issue of currency overlay.

This is an informational item only; no action was taken.

2. RECOMMENDATION FOR THE ALLOCATION OF FUNDS FOR THE PERIOD ENDING NOVEMBER 30, 1997

Carolyn Hamilton, Chief Investment Officer, presented a written and oral report to the Board recommending specific allocations of income and assets to fund benefits and new investments.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: 1. It was moved by Casciato, seconded by Korins to accept staff's recommendation; motion failed 3-3 (Noes: Breall, Meiberger, and Yaki).

2. It was moved by Yaki, seconded by Casciato to accept staff's recommendation with the following amendments: to delete $75 million from RCM Capital Management rather than staff's proposed $100 million and to delete the increase of $25 million to Pictet International Management Ltd pending the review of its performance; motion passed 4-2 (Meiberger and Breall).

3. QUARTERLY BROKERAGE AND QUARTERLY MBE/WBE SUBCONTRACTING REPORTS

Carl Wilberg, Portfolio Manager, and Richard Piket, Portfolio Manager, presented a written and an oral report on the total brokerage commissions generated by the Retirement Fund during the quarter ending June, 1997; and Carl Wilberg presented a written and oral report on the MBE/WBE subcontracting reports.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Staff will provide to the Board a specific MBE/WBE policy for SFERS.

Commissioner Casciato requested that SFERS policies be sent to investment managers and Supervisor Yaki requested the policies sent to the minority Chamber of Commerce.

This is an informational item only; no action was taken.

5. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Recent Company Proxies Voted by the Staff in Accordance with Board Approved Guidelines
- Asset Strategy Consulting is continuing to review international enhanced EAFE management.
- The Board agreed that the staff with the advice of Townsend Associates initiate and implement the due diligence process which will lead to and execute the securitization of the commercial loan portfolios managed by AEW and Schroder. The Board also informed that Schroder Fund A managers have hired Sonnenblich-Goldman to sell the Orlando shopping center in compliance with the accelerated schedule brought previously to the Board's attention.
- The Board discussed the proposed expanded criteria for the RFP search for an Enhanced S & P 500 Index Fund manager. The staff will send the RFP, once it is completed, to the Human Rights Commission for their suggestions. Once that process is completed, the RFP will be sent to potential candidates.

ACTION: It was moved by Yaki, seconded by Breall to direct staff to prepare Request for Proposals for Enhanced S & P 500 managers; motion passed 5-0 (Commissioner Casciato was not present for the vote.).

4. BELOW INVESTMENT GRADE COMMERCIAL MORTGAGE-BACKED SECURITIES FINALISTS PRESENTATIONS

Representatives of Equitable Real Estate-Hyperion Capital and Fidelity Management Trust made presentations with respect to their candidacy as a manager of a portfolio below investment grade mortgage backed securities (BIG CMBS).
The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an informational item only; no action was taken.

ACTUARY'S REPORT

No report was made.

CITY ATTORNEY'S REPORT

No report was made.

BOARD MEMBERS

Commissioner Casciato requested the City Attorney to review the question of interest on retro payments relating to Proposition C COLAs.

Commissioner Korins informed the Board of his resignation from the Retirement Board to accept a position as Chief Executive Officer of the Philadelphia Stock Exchange. Commissioners Meiberger, Casciato and Driscoll expressed the Board's thanks for Commissioner Lee Korins' service and commitment to SFERS' Board and wished him well in his new endeavors.

There being no further business, the Board adjourned its regular meeting in honor of Commissioner Lee Korins' tenure on the Retirement Board at 5:16 p.m.

Respectfully submitted,

Clare M. Murphy

Clare M. Murphy
Executive Director

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RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

TUESDAY, SEPTEMBER 9, 1997

2:00 P.M.

Present:	**Patricia Martel**	**President**
	Joseph D. Driscoll	**Vice President**
	William Breall, M.D.	**Commissioner**
	Herb Meiberger	**Commissioner**
Absent:	**Al Casciato**	**Commissioner**
	Michael J. Yaki	**Supervisor**
	Clare M. Murphy	**Executive Director Retirement System**

MINUTES: Minutes of the Special Meeting of August 26, 1997.

ACTION: Approved as amended.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

Vice President Driscoll reviewed the Public Comment procedure for the attendees. No comments were made at this time.

[The rest of the calendar was heard out of sequence.]

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy updated the Board on the outstanding collective bargaining issues.
2. Update on 4331 Security Analyst Selection Process: 15 applications were received and hope to hire someone in early October.
3. Provided the Board with the Prospective Retirement Board Meeting Schedule and Topics.
4. Carolyn Hamilton and Clare Murphy met with representatives of the Human Rights Commission. We will conduct a Joint Outreach Meeting on September 16, 1997 to be held at 1155 Market Street.
5. Discussed the Pay for Performance Training/MEA.
6. Annual Statements have been issues and staff have been receiving the usual inquiries.
7. Reported that Kay Gulbengay will be attending the National Association of Government Deferred Compensation Administrators (NAGDCA) Annual Meeting.

ACTUARY'S REPORT

No report was made.

CITY ATTORNEY'S REPORT

No report was made.

INVESTMENT CALENDAR

3. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Recent Company Proxies Voted by the Staff in Accordance with Board Approved Guidelines

BOARD MEMBERS

Commissioner Meiberger mentioned that the policy of referring principals of Alternative Investment opportunities to him and other Board members so that they may have private meetings in advance of a vote by the Board has been successful. Commissioner Meiberger respectfully requested a continuation of that policy.

REGULAR CALENDAR

1. REVIEW OF DEFERRED COMPENSATION PLAN

Clare Murphy, Executive Director, and Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Breall to accept staff's recommendation to extend the agreement with the Hartford Life Insurance Company through December 31, 1998 ; motion passed 4-0.

[President Martel arrived during this time.]

2. REPORT FROM DEFERRED COMPENSATION PLAN SUB-COMMITTEE

Kay Gulbengay, Executive Assistant, addressed issues relating to the Deferred Compensation Plan.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Meiberger to approve the addition of the 10 investment options with direction to Hartford that they provide SF Deferred Compensation participants a clear and effective explanation of these new investments; motion passed 4-0.

3. RESCHEDULING OF THE NOVEMBER 11, 1997 BOARD MEETING TO NOVEMBER 12, 1997

Due to a legal holiday, it was suggested that the meeting of November 11, 1997 be rescheduled to November 12, 1997.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Driscoll to reschedule the meeting of November 11, 1997 to November 13, 1997; motion passed 4-0.

4. RETIREMENT SYSTEM PLAN TO ENCOURAGE MINORITY BUSINESS ENTERPRISE/WOMEN BUSINESS ENTERPRISE/LOCAL BUSINESS ENTERPRISE UTILIZATION

Clare Murphy, Executive, Director, Carolyn Hamilton, Chief Investment Officer, Richard Piket, Portfolio Manager, and Carl Wilberg, Portfolio Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Meiberger to table the item; motion passed 4-0

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 5-97

2. DECISION OF HEARING OFFICER

a. James J. Amoroso
8304 Deputy Sheriff - Sheriff's Office
PERS — Granted

b. Gloria D. Bowser
2672 Assistant House Parent - Convention Facilities
Ordinary Disability Retirement
Effective Date: October 1, 1996 — Granted

c. Lucita G. Flores
1650 Accountant - Public Health/San Francisco General Hospital
Ordinary Disability Retirement
Effective Date: July 1, 1997 — Granted

d. Brent Hinchman
2708 Custodian - San Francisco Unified School District
Ordinary Disability Retirement/Stipulation
Effective Date: August 1, 1996 — Granted

e. Robert J. Jasey
9139 Transit Supervisor - MUNI
Ordinary Disability Retirement/Stipulation
Effective Date: December 1, 1996 — Granted

f. Bruce E. Keegan
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: February 24, 1996 — Granted

g. Robert C. Knighton
Q-2 Police Officer - Police Department
Industrial Disability Retirement
Effective Date: September 1, 1997 — Granted

h. Horace Pete
7227 Supervisor I - Bureau of Building and Repair
Ordinary Disability Retirement/Stipulation
Effective Date: October 1, 1997 — Granted

3. DISMISSAL OF DISABILITY RETIREMENT APPLICATION

Donald Carlson

4. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

   Sonja Rady

5. APPLICATION FOR BIRTHDATE CORRECTION

   Emma Hill

6. REQUEST FOR AUTHORIZATION FOR HERB MEIBERGER, BOARD MEMBER, TO ATTEND THE MENLO VENTURE VI CONFERENCE TO BE HELD IN SAN FRANCISCO, CA ON SEPTEMBER 25, 1997

7. REQUEST FOR AUTHORIZATION FOR HERB MEIBERGER, BOARD MEMBER, TO ATTEND THE INFORMATION MANAGEMENT NETWORK'S PENSION FUND CONSULTANT'S CIRCLE CONFERENCE TO BE HELD IN SAN FRANCISCO, CA ON SEPTEMBER 28-30, 1997

8. RESOLUTION COMMENDING LEOPOLD KORINS ON HIS SERVICE AS A COMMISSIONER ON THE RETIREMENT SYSTEM BOARD

ACTION: It was moved by Driscoll, seconded by Breall to approve the Consent Calendar, motion passed 4-0.

INVESTMENT CALENDAR

1. RECOMMENDATION ON THE SELECTION OF THE BELOW INVESTMENT GRADE COMMERCIAL MORTGAGE-BACKED SECURITIES MANAGER

   Richard J. Piket, Portfolio Manager, presented a recommendation for the selection of a manager for Below Investment Grade Mortgage Backed Securities (BIG CMBS).

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: It was moved by Meiberger, seconded by Driscoll to select Fidelity Management Trust Company and Equitable Real Estate Hyperion Capital Advisors, LLC to each manage a $50 million portfolio of Below Investment Grade Commercial Mortgage-Backed Securities; motion passed 4-0.

2. RECOMMENDATION TO INVEST UP TO $20 MILLION IN OCM OPPORTUNITIES FUND II, L.P.

Brewster Wyckoff, Securities Analyst, and Linda Lynch of Cambridge Associates presented a written and oral report recommending that up to $20 million be invested in OCM Opportunities Fund II, L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Breall to invest up to $20 million in OCM Opportunities Fund II, L.P.; motion passed 4-0.

CLOSED SESSION

Pursuant to the Ralph M. Brown Act, Government Code Section 54956.9(b)(1) and (b)(2) and the Sunshine Act, San Francisco Administrative Code Section 67.10, the Retirement Board met in closed session.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Subdivision (a) of Government Code Section 54956.9)

a. William R. Setzler v. San Francisco Retirement Board: The Board instructed Dan Maguire, City Attorney, to continue to defend the Board on the appeal and garnishment and advise Mike Hebel, attorney for William Setzler, on these issues, and Clare Murphy, Executive Director, not to process the new disability application.

b. Richard Guardino v. San Francisco Retirement Board: The Board gave guidelines for settlement of the disability application which is pending in Superior Court.

There being no further business, the Board adjourned its regular meeting at 5:25 p.m.

Respectfully submitted,

Clare M. Murphy

Clare M. Murphy
Executive Director

City and County of San Francisco

San Francisco City and County
Employee's Retirement System
Office of The Executive Director

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MEMORANDUM

September 19, 1997

To: The Retirement Board

From: Clare M. Murphy
Executive Director

Subject: **PROSPECTIVE RETIREMENT BOARD MEETING SCHEDULE AND TOPICS**

DATE	TIME	TENTATIVE TOPICS
10/17/97	8:30 a.m.	**Special Meeting** Cortex Workshop
10/28/97	12:30 p.m.	**Regular Meeting** Unfinished Business List Finance Committee Report Draft Annual Report Retirement System Travel Expense Report for the Period Ending September 30, 1997 Review of Currency Issues
11/13/97	12:30 p.m.	**Regular Meeting** Actuarial Experience Analysis As of June 30, 1997 Final SFERS Annual Report Deferred Compensation Investment Performance Assessment Northern Trust Review
11/25/97	12:30 p.m.	**Regular Meeting** Unfinished Business List Performance Review of the Retirement Fund for the Period Ending September 30, 1997 Recommendation for the Allocation of Funds for the Period Ending February 28, 1998 Quarterly Brokerage Report/Subcontracting Investment Manager Presentations Alternative Investment Semi-Annual Report Recommendation to Adopt the Alternative Investment Plan for 1998

DATE	TIME	TENTATIVE TOPICS
12/09/97	12:30 p.m.	**Regular Meeting** Presentation of Actuarial Valuation Recommendation of City Contribution Rates for Fiscal Year 1998-99 Reconsideration of City Contribution Rates for Fiscal Year 1997-98 Investment Manager Presentations Recommendation to Adopt the Real Estate Investment Plan for 1998 Recommendation to Adopt the Real Estate Annual Manager Investment Plans
12/30/97	12:30 p.m.	**TO BE CANCELLED**

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RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

TUESDAY, SEPTEMBER 30, 1997

12:30 P.M.

Present:	**Patricia Martel**	**President**
	Joseph D. Driscoll	**Vice President**
	William Breall, M.D.	**Commissioner**
	Al Casciato	**Commissioner**
	Herb Meiberger	**Commissioner**
	Michael J. Yaki	**Supervisor**
	Clare M. Murphy	**Executive Director Retirement System**

MINUTES: Minutes of the Special Meeting of September 9, 1997.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Martel reviewed the Public Comment procedure for the attendees.

Linda Jofuku, Senior Representative of the IFEBP, appeared before the Board as a friend of retired Police Chief Al Nelder. She requested the Board to review the retirement calculations and correct survey for chiefs and provide retroactive payments if there was an error.

The Board directed staff to review these calculations. Staff will attempt to make an informal report on October 17, 1997 and the item will be calendared for the Board meeting of October 28, 1997.

REGULAR CALENDAR

1. UNFINISHED BUSINESS LIST

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: No action was taken.

2. HARTFORD DEFERRED COMPENSATION ANNUAL REPORT

Peter Belardinelli, Senior Field Director, Bob Jenks, Bay Area Vice President, and Andy Kohnke, CFA of Hartford Life addressed issues relating to the Deferred Compensation Annual Report.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

3. UPDATE ON PROPOSITION C IMPLEMENTATION

Maria Newport, Administrator, Retirement Services, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Provided the Board with the Prospective Retirement Board Meeting Schedule and Topics informed the Board that a request to cancel the December 30, 1997 meeting will be calendared at the next Board meeting.
2. Provided the Board with an update on Educational Opportunities.
3. Reviewed with the Board a memorandum from the Ethics Commission regarding Restrictions on the Ability of Appointed Officials to Make or Solicit Campaign Contributions. Commissioner Breall requested the City Attorney to review this matter and report back to the Board regarding legal issues surrounding the memo.
4. Informed the Board of the Institute for the Study of Pension Systems' Roundtable on October 7, 1997.
5. Informed the Board of a course being offered through CALAPRS at Stanford University - "Basic Principles of Pension Management - a Course for New Trustees. Ms. Murphy requested that SFERS enroll the soon to be named trustee so that a spot can be reserved.
6. Reported to the Board that on September 16, 1997, SFERS along with Human Rights Commission held an "Outreach" meeting with approximately 20 minority, women and local-owned business representatives who attended. Staff educated them on SFERS investment policies, ways of doing business with SFERS and provided them with background. President Martel received a letter congratulating staff for conducting a very professional presentation to the MBE/WBE/LBE businesses in attendance.
7. Updated the Board on collective bargaining issues.
8. Reported on the Council of Institutional Investors' meeting she attended.
9. Kay Gulbengay, Executive Assistant, reported on her attendance at the National Association Government Deferred Compensation Administrators conference.

[Supervisor Yaki left the meeting at this time.]

ACTUARY'S REPORT

No report was made.

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 6-97

2. DECISION OF HEARING OFFICER

   a. Brenda F. Buckner
   2940 Child Welfare Worker - Social Services
   Ordinary Disability Retirement/Stipulation
   Effective Date: September 1, 1996 Granted

   b. Daniel Davis
   7318 Electrical Maintenance Technician - MUNI
   Ordinary Disability Retirement
   Effective Date: August 23, 1997 Granted

   c. Joseph Perrone
   Q-2 Police Officer - Police Department
   Industrial Disability Retirement/Ordinary Disability Retirement Denied

   d. Candida Ramirez
   2302 Certified Nurse Assistant - Public Health/Laguna Honda Hospital
   Ordinary Disability Retirement
   Effective Date: May 2, 1997 Granted

e. Duff D. Rodgers
9163 Transit Operator - MUNI
Ordinary Disability Retirement — Denied

f. John H. Vann
7379 Electric Transit Mechanic - MUNI
Reinstatement — Granted

g. Carlos Y. Yldefonso
2302 Certified Nurse Assistant - Public Health/Laguna Honda Hospital
Ordinary Disability Retirement
Effective Date: April 19, 1997 — Granted

3. DISMISSAL OF DISABILITY RETIREMENT APPLICATION

Edward F. DeCossio

4. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Robert J. Brown

b. Joseph J. Fitzpatrick

c. William Landivar

5. APPLICATION FOR BIRTHDATE CORRECTION

Raisa Iosifouna Volgust

ACTION: It was moved by Breall, seconded by Casciato to approve the Consent Calendar; motion passed 5-0.

INVESTMENT CALENDAR

1. REAL ESTATE SEMI-ANNUAL PERFORMANCE REVIEW

Brewster Wyckoff, Securities Analyst, and Frank Blaschka, The Townsend Group, presented the Semi-Annual Review of Real Estate Investments.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: 1. It was moved by Driscoll, seconded by Casciato to amend the Metric Plan to reflect that Metric not be allowed to invest any proceeds from sales; motion passed 5-0.

2. It was moved by Driscoll, seconded by Casciato to direct staff to initiate search for a new manager for equity real estate separate account and a recommendation be brought back to the Board; motion passed 5-0.

2. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- AMB Institutional Realty Advisors, Inc.
- Staff is conducting due diligence with Thomas Lee Equity Fund IV and Summit Ventures V.

BOARD MEMBERS

Commissioner Meiberger requested that the Board consider the policy of the Retirement Board to send Requests for Proposals for searches for services to applicants within two weeks after affirmative majority vote of the Retirement Board. If any administrative body seeks to prohibit or delay the distribution of Board-approved RFPs, then cause shall be presented in public session to the Retirement Board.

ACTION: It was moved by Meiberger, seconded by Casciato to approve the above motion; discussion took place; and consequently, Commissioners Meiberger and Casciato withdrew their motion.

Commissioner Casciato informed the Board of an organized campaign of retirees at their dissatisfaction of the Health Service System.

Commissioner Casciato requested staff to prepare with the City Attorney a brief statement to clarify the role of the Treasurer in relation to SFERS and distribute to the major media.

Commissioner Casciato congratulated Brewster Wyckoff for her assistance and responsiveness to his request.

Commissioner Breall requested the City Attorney to review the issue of contributions by appointed officials in relation to the U.S. Supreme Court ruling regarding freedom of speech; and informed the Board members that he has had preliminary discussion with a company regarding real estate purchases.

There being no further business, the Board adjourned its regular meeting in memory of Dallas Adams, staff member of the City Attorney's Office at 2:50 p.m.

Respectfully submitted,

Clare M. Murphy

Clare M. Murphy
Executive Director

MINUTES

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CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

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San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

FRIDAY, OCTOBER 17, 1997

8:30 A.M.

Present:	**Patricia Martel**	**President**
	Joseph D. Driscoll	**Vice President**
	William Breall, M.D.	**Commissioner**
	Al Casciato	**Commissioner**
	Herb Meiberger	**Commissioner**
	Michael J. Yaki	**Supervisor**

Clare M. Murphy — **Executive Director Retirement System**

RETIREMENT BOARD

SPECIAL MEETING

PUBLIC COMMENT

President Martel reviewed the Public Comment procedure for the attendees. No comments were made at this time.

1. WORKSHOP ON THE STATEMENT OF PRINCIPLES AND BELIEFS AND DECISION MATRIX PRESENTED BY CORTEX APPLIED RESEARCH INC.

John Por and Tom Iannucci of Cortex Applied Research, Inc. conducted a workshop with the Retirement Board and staff on the Statement of Principles and Beliefs and Decision Matrix.

The Board and staff had lengthy discussions and the follow-up tasks for the finalization of the Statement of Principles and Beliefs and the final adoption of the Decision Matrix for Retirement Board and staff will be brought back to the Board.

ACTION: No action was taken.

There being no further business, the Committee adjourned its special meeting at 2:45 p.m.

Respectfully submitted,

Clare M. Murphy

Clare M. Murphy
Executive Director

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TUESDAY, OCTOBER 28, 1997

12:30 P.M.

Present:	**Patricia Martel**	**President**
	Joseph D. Driscoll	**Vice President**
	William Breall, M.D.	**Commissioner**
	Al Casciato	**Commissioner**
	Herb Meiberger	**Commissioner**
	Michael J. Yaki	**Supervisor**
	Clare M. Murphy	**Executive Director Retirement System**

MINUTES: **Minutes of the Regular Meeting of September 30, 1997 and Special Meeting of October 17, 1997.**

ACTION: **Approved as submitted.**

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

President Martel reviewed the Public Comment procedure for the attendees.

Mr. Mike Hebel, Attorney for William Setzler, requested Board members to review tapes which were used during the disability hearing for Mr. Setzler.

President Martel requested City Attorney to review the matter.

REGULAR CALENDAR

1. UNFINISHED BUSINESS LIST

   Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: No action was taken.

2. RETIREMENT SYSTEM TRAVEL EXPENSE REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 1997

   Clare Murphy, Executive Director, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   This is an information item only; no action was taken.

3. UNFINISHED BUSINESS LIST: ATTRIBUTION ANALYSIS OF THE FUTURES PORTFOLIO

Carolyn Hamilton, Chief Investment Officer, and Carl Wilberg, Portfolio Manager, analyzed the performance of the S&P 500 Futures portfolio.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

4. PRESENTATION REGARDING CHIEFS NELDER AND CAHILL

Maria Newport, Administrator, Retirement Services, reported to the Board the procedures used to calculate the pension benefits for Police Chiefs Nelder and Cahill. Linda Jofuku and Wendy Nelder addressed the Board to request a review of the calculations used in arriving at Chiefs' Nelder and Cahill's pensions.

The Board had a discussion with staff and representatives for the Chiefs and requested that staff review and report back to the Board at the earliest possible time.

This is an information item only; no action was taken.

5. REVIEW OF FISCAL YEAR 1996-97 EXPERIENCE ANALYSIS OF ECONOMIC ASSUMPTIONS AND RECOMMENDATION OF ECONOMIC ASSUMPTIONS FOR USE IN THE JUNE 30, 1997 VALUATION

Kieran Murphy, Actuary, and Catherine Cole of Towers Perrin, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Meiberger, seconded by Casciato to approve the use of the same economic assumptions as last year in carrying out this year's valuation; motion passed 6-0.

6. REQUEST FOR APPROVAL TO ENCLOSE COMBINED CHARITIES CAMPAIGN INFORMATION WITH THE MONTHLY RETIREMENT PAYCHECKS TO THE RETIREES

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Meiberger to approve the enclosure of the Combined Charities Campaign Information with the monthly retirement paychecks to the retirees; motion passed 6-0.

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy provided the Board with an update on Educational Opportunities.
2. Informed the Board on the progress for Pay for Performance for staff members in MEA. Commissioner Driscoll expressed the need to create a new Personnel Committee to begin the process to review with the Executive Director and Actuary their Pay for Performance evaluations. Commissioners Driscoll and Breall were appointed to the Personnel Committee.
3. Updated the Board on collective bargaining issues.

ACTUARY'S REPORT

No report was made.

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate

discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. a. VOLUNTARY RETIREMENT BOARD LIST NO. 7-97

   b. VOLUNTARY RETIREMENT BOARD LIST NO. 8-97

2. DECISION OF HEARING OFFICER

   a. Walter Arnold
   2302 Certified Nurse Assistant - Public Health/Laguna Honda Hospital
   Ordinary Disability Retirement
   Effective Date: May 1, 1997 Granted

   b. George A. Barry
   (Mildred Jane - widow)
   H-2 Firefighter - Fire Department
   Retirement Board's Motion to Dismiss Application Denied

   c. Gregory J. Cloney
   Q-50 Sergeant - Police Department
   Industrial Disability Retirement/Stipulation Denied

   d. Galen P. Cole
   H-20 Lieutenant - Fire Department
   Industrial Disability Retirement/Stipulation
   Effective Date: August 12, 1995 Granted

   e. Gerald M. Cook
   8214 Parking and Traffic Officer - Parking and Traffic
   Ordinary Disability Retirement
   Effective Date: January 1, 1996 Granted

   f. Jerry Doolin
   3417 Gardener - Recreation and Park
   Ordinary Disability Retirement
   Effective Date: September 24, 1997 Granted

   g. Robert R. Duncan
   1368 Special Assistant - Public Works
   Ordinary Disability Retirement
   Effective Date: July 1, 1997 Granted

h. James B. Frame
9163 Transit Operator - MUNI
Ordinary Disability Retirement/Stipulation
Effective Date: March 1, 1997 Granted

i. James E. Gallagher
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation Denied

j. Jesse Kelly
9163 Transit Operator - MUNI
Ordinary Disability Retirement
Effective Date: October 1, 1996 Granted

k. John D. Lewis
9163 Transit Operator - MUNI
Ordinary Disability Retirement
Effective Date: December 1, 1996 Granted

l. Elinor M. Peck
1242 Personnel Analyst - Public Health
Ordinary Disability Retirement
Effective Date: September 2, 1997 Granted

m. Joseph Pierce
H-30 Captain - Fire Department
Industrial Disability Retirement
Effective Date: January 16, 1997 Granted

n. Michael Rodenburg
3436 Tree Topper Supervisor - Recreation and Park
Ordinary Disability Retirement/Stipulation
Effective Date: May 6, 1997 Granted

o. Daniel Salazar
H-2 Firefighter - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: September 2, 1995 Granted

3. APPLICATION FOR BIRTHDATE CORRECTION

a. Irene Eloise Carter

b. Grace P.Y. Yip

4. REQUEST TO CANCEL THE DECEMBER 30, 1997 BOARD MEETING

5. REQUEST AUTHORIZATION FOR BOARD MEMBERS TO ATTEND THE PUBLIC FUNDS FORUM TO BE HELD IN PALM BEACH, FLORIDA ON NOVEMBER 8-11, 1997

6. REQUEST FOR AUTHORIZATION FOR BOARD MEMBERS TO ATTEND THE PENSION & INVESTMENT STRATEGY FORUM TO BE HELD IN SCOTTSDALE, ARIZONA ON JANUARY 24-28, 1998

ACTION: 1. It was moved by Breall, seconded by Meiberger to approve the Consent Calendar except item nos. 5 and 6; motion passed 6-0.

2. It was moved by Yaki, seconded by Meiberger to send Commissioner Herb Meiberger to the Pension & Investment Strategy Forum to be held in Scottsdale, Arizona on January 24-28, 1998 (item no. 6), motion passed 5-0.

INVESTMENT CALENDAR

1. RECOMMENDATION TO INVEST UP TO $50 MILLION IN THOMAS H. LEE EQUITY IV

Brewster Wyckoff, Securities Analyst, and Barbara Lynch of Cambridge Associates, presented a written and oral report recommending that up to $50 million be invested in Thomas H. Lee Equity Partners IV, LP.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Breall to invest up to $50 million in Thomas H. Lee Equity IV; motion passed 5-0 (Supervisor Yaki was not present for the vote.)

2. RECOMMENDATION TO INVEST UP TO $50 MILLION IN SUMMIT VENTURES V

Brewster Wyckoff, Securities Analyst, and Barbara Lynch of Cambridge Associates, presented a written and oral report recommending that up to $50 million be invested in Summit Ventures V, LP.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Meiberger to invest up to $50 million in Summit Ventures V; motion passed 6-0.

3. DISCUSSION OF THE ROLE OF CURRENCY IN THE PORTFOLIO

Larry Davanzo of Asset Strategy Consulting and Carolyn Hamilton, Chief Investment Officer, presented both a written and an oral report discussing the role of currency within the portfolio and potential currency strategies including overlay programs.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

4. DISCUSSION OF PROPOSED CREDIT ENHANCEMENT PROGRAM

Richard J. Piket, Portfolio Manager, provided information on proposed credit enhancement program.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Staff will continue to review the process and report back to the Board at a future date.

This is an information item only; no action was taken.

5. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Recent Company Proxies Voted by the Staff in Accordance with Board Approved Guidelines
- Update on Request for Proposal for Enhanced S&P 500 Managers. This item will be brought to the Board with the recommendation on the finalists.

- Ms. Hamilton will bring to the Board the forward Investment Plan at a future date.

[President Martel left the meeting at this time.]

BOARD MEMBERS

Commissioner Casciato asked the City Attorney if Senate Bill 563 was applicable to long-term care employees. The City Attorney reported he believed so but it was a Health Service matter.

Commissioner Casciato requested that the Executive Director provide to the Health Service a list of safety officers killed in the line of duty.

Clare Murphy, Executive Director, reported that the IRS had increased the amount of tax deferred dollars from $7,500 to $8,000 annually. Staff will work with Hartford and payroll to inform participants of the change.

Clare Murphy informed the Board that November 13, 1997 Board packets will be delivered to Board members on November 10, 1997.

There being no further business, the Board adjourned its regular at 4:30 p.m.

Respectfully submitted,

Clare M. Murphy

Clare M. Murphy
Executive Director

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THURSDAY, NOVEMBER 13, 1997

12:30 P.M.

Present:	**Patricia Martel**	President
	Joseph D. Driscoll	Vice President
	William Breall, M.D.	Commissioner
	Al Casciato	Commissioner
	Herb Meiberger	Commissioner
Absent:	**Michael J. Yaki**	Supervisor
	Clare M. Murphy	Executive Director Retirement System

MINUTES: Minutes of the Regular Meeting of October 28, 1997.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

Vice President Driscoll reviewed the Public Comment procedure for the attendees. No comments were made at this time.

INVESTMENT CALENDAR

1. SECURITIES LENDING AND NORTHERN TRUST REVIEW

Eli Barkhausen and Jim Aitcheson of the Northern Trust Company presented a brief review of the custody bank relationship and Richard J. Piket, Portfolio Manager, Jim Aitcheson and Terry Toth of the Northern Trust Company provided a review of the Manager Cash, Securities Lending and MBS "dollar roll" programs.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

[President Martel arrived during this time.]

REGULAR CALENDAR

1. DEFERRED COMPENSATION INVESTMENT PERFORMANCE ASSESSMENT

Carol Gleckman of Mercer Investment Consulting, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. The Board requested a letter form George Webb of Mercer Investment Consulting responding to the article in Money Magazine relating to the Hartford Company

This is an information item only; no action was taken.

2. REQUEST AUTHORIZATION FOR HERB MEIBERGER, BOARD MEMBER TO ATTEND THE INSTITUTIONAL REAL ESTATE LETTER'S 1998 ADVISORY BOARD MEETING TO BE HELD IN CARMEL, CALIFORNIA ON FEBRUARY 18-20, 1998

This was an authorization to request for a release of work time to participate as a member of the Advisory Board. This travel did not fall into the SFERS Travel Policy.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Casciato requested that a review of the Travel Policy relating to attendance at for profit conferences be added to the Unfinished Business List.

ACTION: It was moved by Breall, seconded by Meiberger to authorize the request for a release work time to participate as a member of the Advisory Board; motion passed 5-0.

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy reported on the collective bargaining issues on Fire and Paramedics merger.
2. Reported the POA MOU will be before the Board of Supervisors Finance Committee meeting on November 19, 1997. MEA MOU for Chiefs and Airport Police Chiefs will be before the Board of Supervisors Finance Committee meeting on November 26, 1997
3. SFERS Annual Holiday Party will be held on December 19, 1997 at Charley Browns, Fisherman's Wharf.
4. Reported on the November 4, 1997 election results that the Proposition C relating to improved benefits for Buyout members was defeated.
5. Reported on the Proposition C COLAs. SFERS staff, Commissioner Casciato and retiree representatives met to review the communication flyer regarding the explanation of the Proposition C COLAs. Staff and Commissioner Casciato agreed on the benefits of the focus group.
6. Reported that the Human Rights Commission Minority/Women/Local Business Owned Advisory Committee has requested a representative from SFERS to appear on November 19, 1997. Ms. Murphy and Carolyn Hamilton will be at attendance. President Pat Martel agreed to attend.
7. Reported that Ms. Murphy was still awaiting the Board's and Staff's input for the Statement of Investment Principles and Beliefs and Decision Matrix.

ACTUARY'S REPORT

Kieran Murphy, Actuary, reported on the following items:

1. Mr. Murphy updated the Board on the Actuary Consulting Contract that they have added two staff at the Senior Consultant level. Mr. Murphy has requested the Actuary Consultant to address the following issues in the coming year: (a) Tier 1 - Police and Fire COLAS (b) Vesting Liability (c) 2% Compound vs. 2% Simple basic COLAS.
2. Reported to the Board that he will request an Experience Analysis be done and be brought back to the Board within six months. He reported that a partial Experience Analysis had been completed in 1993 or 1994 and the last full Experience Analysis was done in 1990.
3. Reported to the Board that sub-contracting in the actuarial field could be done by minority/women/local owned business firms. President Martel commended Mr. Murphy for his efforts and urged him to continue pursuing the inclusion of minority/women/local owned business firms on SFERS actuarial contracts.

CITY ATTORNEY'S REPORT

No report was made.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 9-97

2. DECISION OF HEARING OFFICER

   a. Teresita Banzuelo
   1460 Senior Legal Secretary - District Attorney's Office
   Ordinary Disability Retirement
   Effective Date: December 15, 1997 Granted

   b. Joseph D. Cinelli (Active Death)
   Q-2 Police Officer - Police Department
   Beneficiary Dispute Regarding Named Beneficiary Granted Award
   Death Benefits of Active Member Domestic Partner Claim Denied

c. Jacqueline Johnson
2302 Certified Nurse Assistant - Public Health
Ordinary Disability Retirement
Effective Date: March 1, 1997 Granted

d. Delores Lee
2302 Certified Nurse Assistant - Public Health
Ordinary Disability Retirement/Stipulation
Effective Date: December 13, 1997 Granted

e. Evelyn L. Ruethling
2940 Child Welfare Worker - Department of Social Services
Ordinary Disability Retirement
Effective Date: April 1, 1997 Granted

f. Jerry C. Sample
9163 Transit Operator - MUNI
Ordinary Disability Retirement
Effective Date: March 1, 1997 Granted

g. Woodrow A. Tennant
Q-50 Sergeant - Police Department
Industrial Disability Retirement
Effective Date: September 15, 1997 Granted

3. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

a. Dorothy Brown

b. Otis Lee Stewart

ACTION: It was moved by Breall, seconded Casciato by to approve the Consent Calendar; motion passed 5-0.

Commissioner Driscoll requested that the City Attorney and staff review provisions of other California pension plans regarding the designation of beneficiaries with particular concern for children of members. This request is to be added to the Unfinished Business List.

2. RECOMMENDATION TO INVEST UP TO $50 MILLION IN HARBOURVEST INTERNATIONAL PRIVATE EQUITY PARTNERS III, L.P.

Brewster Wyckoff, Securities Analyst, and Barbara Lynch of Cambridge Associates, presented a written and oral report recommending that up to $50 million be invested in HarbourVest International Private Equity Partners III, L.P.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Driscoll asked if appropriate due diligence was completed in this search; Brewster Wyckoff responded that it had been completed.

ACTION: It was moved by Driscoll, seconded by Meiberger to invest up to $50 million in HarbourVest International Private Equity Partners III, L.P., motion passed 5-0.

3. REVIEW OF ISSUES RELATED TO AMB ROLL UP

Carolyn Hamilton, Chief Investment Officer, and Tom Villalta, Securities Analyst, presented a written and an oral report discussing the current status of the AMB roll-up and the implications for the total portfolio; representatives from the investment banking division of Hambrecht and Quist discussed the legal structure, including restrictions, of Rule 144 securities.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Breall to have Commissioner Driscoll work with staff and Asset Strategy Consulting to resolve the compensation issues with the Townsend Group for work already completed; motion passed 4-0.

[President Martel left the meeting at this time.]

4. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Updated the Board on the Securitization of Commercial Mortgage Portfolio.
- Reported to the Board that she and Richard Piket went to Sacramento to review the STRS Credit Enhancement Program.

BOARD MEMBERS

Commissioner Casciato discussed the following items:

1. He requested that an update of the Electronic Funds Transfer project be added to the Unfinished Business List.
2. Requested that the issues of Chief Nelder and Cahill's cost of living adjustments be added to the Unfinished Business List.
3. Reported on the staff meeting of retiree groups regarding communication for Proposition C COLAs and noted the valuable exchange between the groups.
4. Requested that the "WEB page address" be added to SFERS stationery at each future printing.
5. He met with Peter Ashe to review the Credit Enhancement Program. Mr. Ashe raised the issue of the possibility of video taping the meetings or hire a court reporter.

Commissioner Meiberger informed the Board that he would be absent from the next two Board meetings: November 28, 1997 and December 9, 1997. He requested that any decision regarding the Credit Enhancement Program be continued until his return.

Commissioner Driscoll informed Commissioner Meiberger that his request would be granted unless there was a need to act on the item prior to his return.

Commissioner Driscoll reviewed with the Board his attendance at the ISPS Roundtable and distributed to each member a survey to be completed.

There being no further business, the Board adjourned its regular at 3:40 p.m.

Respectfully submitted,

Clare M. Murphy

Clare M. Murphy
Executive Director

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1155 Market Street, Second Floor, San Francisco

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

TUESDAY, NOVEMBER 25, 1997

12:30 P.M.

Present:	**Patricia Martel**	President
	Joseph D. Driscoll	Vice President
	William Breall, M.D.	Commissioner
	Al Casciato	Commissioner
Absent:	**Michael J. Yaki**	Supervisor
	Herb Meiberger	Commissioner
	Clare M. Murphy	Executive Director Retirement System

MINUTES: Minutes of the Regular Meeting of November 13, 1997.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

PUBLIC COMMENT

Vice President Driscoll reviewed the Public Comment procedure for the attendees.

Mike Hebel, Attorney for William Setzler, addressed the Board regarding the video tapes which were seen by the Retirement Board seemed to be different from those which were seen by the Superior Court.

William Setzler expressed his concerns regarding his disability retirement issues during the entire process.

The Board requested Dan Maguire, Deputy City Attorney, and Clare Murphy, Executive Director, to review the tapes and report back to the Board.

[The rest of the calendar was heard out of sequence.]

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy reported that the MEA MOU for Fire, Police and Airport Police Chiefs will possibly be on the Board of Supervisors Finance Committee meeting of December 10, 1997. The Fire Department merger with Paramedics is still pending.
2. Reported that the Ms. Murphy and Carolyn Hamilton attended the Human Rights Commission Minority/Women/Local Business Owned Advisory Committee meeting on November 19, 1997, and reported that it was a successful meeting.
3. Reported that the Mayor held a Department Head meeting regarding Workers' Compensation Division costs and the same issues are outstanding as when SFERS was responsible for overseeing Workers' Compensation Division.
4. Reminded the Board of the TCW December 9, 1997 dinner invitation.
5. Informed the Board that the next meeting of December 9, 1997 will be approximately 5 hours and each Board member present would be a quorum maker.

6. Ms. Murphy, on behalf of the SFERS staff and herself, extended a Happy Thanksgiving to the Board. President Martel expressed the same to the staff and Ms. Murphy.

[Commissioner Casciato arrived during this item.]

ACTUARY'S REPORT

No report was made.

CITY ATTORNEY'S REPORT

No report was made.

REGULAR CALENDAR

1. UNFINISHED BUSINESS REPORT

Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Casciato to adopt the Unfinished Business Report; motion passed 4-0.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 10-97

2. DECISION OF HEARING OFFICER

a. Leo Halog
1874 Senior Programmer Analyst - Controller's Office
Ordinary Disability Retirement
Effective Date: August 1, 1997 Granted

b. Gerald J. White
H-20 Lieutenant - Fire Department
Industrial Disability Retirement/Stipulation
Effective Date: September 3, 1996 Granted

3. PETITION FOR REHEARING

Walter E. Thompson
9163 Transit Operator - MUNI
Ordinary Disability Retirement/Stipulation Denied

4. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

Richard Hall

5. APPLICATION FOR BIRTHDATE CORRECTION

Jose L. Capitan

ACTION: It was moved by Breall, seconded by Casciato to approve the Consent Calendar; motion passed 4-0.

INVESTMENT CALENDAR

1. PERFORMANCE REVIEW OF THE RETIREMENT FUND FOR THE PERIOD ENDING SEPTEMBER 30, 1997

Carolyn Hamilton, Chief Investment Officer; Richard Piket, Portfolio Manager; Carl Wilberg, Portfolio Manager; and Leslie Kautz of Asset Strategy Consulting presented written and oral reports outlining the performance of the Retirement Fund for the period ended September 30, 1997.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

2. RECOMMENDATION FOR THE ALLOCATION OF FUNDS FOR THE PERIOD ENDING FEBRUARY 28, 1998

Carolyn Hamilton, Chief Investment Officer, presented a written and oral report to the Board recommending specific allocations of income and assets to fund benefits and new investments.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Driscoll, seconded by Casciato to approve staff recommendation; motion passed 4-0.

3. REPORT ON BROKERAGE COMMISSIONS GENERATED BY THE FUND DURING THE QUARTER ENDED SEPTEMBER 30, 1997

Carl Wilberg, Portfolio Manager, and Richard Piket, Portfolio Manager, presented a written and oral report on the total brokerage commissions generated by the Retirement Fund during the quarter ending September 30, 1997.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

4. ALTERNATIVE INVESTMENT SEMI-ANNUAL REPORT

Brewster Wyckoff, Securities Analyst, and Linda Lynch of Cambridge Associates, presented the Semi-Annual Review of Alternative Investments.

The Board reviewed and discussed the material and engaged in a question and answer session with staff. Commissioner Casciato requested that the Executive Summary provide an overview, more detailed information: what is good, bad, what to focus on in the report.

This is an information item only; no action was taken.

5. RECOMMENDATION TO INVEST UP TO $25 MILLION IN SCF-IV, L.P.

Brewster Wyckoff, Securities Analyst, and Linda Lynch of Cambridge Associates, presented a written and oral report recommending that up to $25 million be invested in SCF-VI, L.P

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Casciato, seconded by Driscoll to invest up to $25 million in SCF-VI, L.P.; motion passed 4-0.

6. REPORT ON THE TOWNSEND GROUP COMPENSATION RELATING TO AMB ROLL UP

Commissioner Joseph Driscoll, Carolyn Hamilton, Chief Investment Officer, and Dan Maguire, Deputy City Attorney, presented an oral report on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: No action was taken. The Board requested the committee to continue to resolve compensation issues with the Townsend Group and that Townsend will have authority to provide input to the System regarding AMB REIT shares during this interim period.

7. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

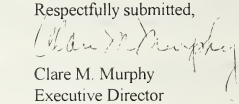
- AMB went public on November 21, 1997 @ $21 per share. The System owns 6.7 million shares or approximately 8% of the outstanding shares. The stock is currently trading at $23 and the current market values of the SFERS' position is $154,620,720.00.
- Merrill Lynch is in the process of acquiring Mercury Asset Management, one of the Fund's global bond managers. The staff will keep the Board apprised of the situation.
- Reported that there were no investments with Yamaichi Securities, the large Japanese firm which recently declared bankruptcy.

BOARD MEMBERS

No report was made.

There being no further business, the Board adjourned its regular meeting at 2:50 p.m.

Respectfully submitted,



Clare M. Murphy
Executive Director

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MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
1155 Market Street, Second Floor, San Francisco

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

TUESDAY, DECEMBER 9, 1997

12:30 P.M.

Present:	**Patricia Martel**	President
	Joseph D. Driscoll	Vice President
	William Breall, M.D.	Commissioner
	Al Casciato	Commissioner
Absent:	**Michael J. Yaki**	Supervisor
	Herb Meiberger	Commissioner
	Clare M. Murphy	Executive Director Retirement System

MINUTES: Minutes of the Regular Meeting of November 25, 1997.

ACTION: Approved as submitted.

RETIREMENT BOARD

REGULAR MEETING

CLOSED SESSION

Pursuant to the Ralph M. Brown Act, Government Code Section 54957, and San Francisco Administrative Code Section 67.10, the Retirement Board met in closed session.

1. Public Employee Performance Evaluation
   a. Clare M. Murphy, Executive Director
   b. Kieran Murphy, Actuary
2. Reconvene in Open Session:

   Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code Section 67.14(a)).

   ACTION: There was no affirmative vote to discuss what happened in the Closed Session.

[The calendar was heard out of sequence.]

REGULAR CALENDAR

1. REQUEST FOR PROPOSAL FOR CONSULTANT TO ASSIST IN PREPARATION OF REQUEST FOR PROPOSAL FOR DEFERRED COMPENSATION PLAN

   Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

   The Board reviewed and discussed the material and engaged in a question and answer session with staff.

   ACTION: It was moved by Breall, seconded by Driscoll to approve the request for proposal for consultant to assist in the preparation of Request for Proposal for Deferred Compensation Plan; motion passed 4-0.

2. REQUEST TO APPROVE DRAFT ANNUAL REPORT

   Kay Gulbengay, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Casciato to approve the Annual Report pending any clerical corrections made after final review by Commissioner Meiberger and staff; motion passed 4-0.

PUBLIC COMMENT

President Martel reviewed the Public Comment procedure for the attendees.

Jean Thomas raised questions regarding the San Francisco newspaper article referring to an individual acting as a lobbyist for ITT Hartford and retirement funds. She requested the Board to review this article.

President Martel asked staff to review and respond to Ms. Thomas.

REGULAR CALENDAR
(Continued)

3. PRESENTATION OF ACTUARIAL VALUATION

Kieran Murphy, Actuary, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Casciato to approve the actuarial valuation report; motion passed 4-0.

4. RECOMMENDATION OF CITY CONTRIBUTION RATES FOR FISCAL YEAR 1998-99

Kieran Murphy, Actuary, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: 1. It was moved by Casciato, seconded by Breall to approve the recommendation of zero City contribution rates for fiscal year 1998-99; motion passed 4-0.

2. It was moved by Breall, seconded by Casciato that a letter be sent to Mayor Brown, under the signature of the Board President Martel, informing the Mayor of the Board's action regarding the City's contribution rate for 1998-99 will be zero. Commissioner Breall requested that a copy of this letter be sent to the members of the Board of Supervisor; motion passed 4-0.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion on these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 11-97

2. DECISION OF HEARING OFFICER

   a. James B. Fex
      H-10 Chief's Aide - Fire Department
      Industrial Disability Retirement/Stipulation
      Effective Date: October 29, 1997 Granted

   b. Louis Leibowitz
      Service Retiree
      Petition for Relief from Further Reduction of Spouses Retirement Benefit
      Effective Date: November 26, 1997 Granted

   c. Kathleen Maynard
      3632 Librarian II - Library
      Ordinary Disability Retirement
      Effective Date: July 13, 1996 Granted

3. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

   James Reyes

4. REQUEST FOR AUTHORIZATION FOR HERB MEIBERGER, BOARD MEMBER, TO ATTEND THE INSTITUTE FOR INTERNATIONAL RESEARCH REAL ESTATE INVESTMENT FOR PENSION FUNDS TO BE HELD IN MARINA DEL REY, CA ON FEBRUARY 8-10, 1998

ACTION: It was moved by Breall, seconded by Casciato to approve the Consent Calendar, motion passed 4-0.

INVESTMENT CALENDAR

1. RECOMMENDATION OF ENHANCED S&P 500 INDEX FUND FINALISTS

Richard Piket, Portfolio Manager; and Carl Wilberg, Portfolio Manager presented written and oral reports to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: 1. It was moved by Casciato, seconded by Driscoll to approve the finalist list for an Enhanced S&P Index Fund ; motion passed 4-0.

2. It was moved by Breall, seconded by Casciato to delegate responsibilities of the final selection of the manager to the staff with ratification by the Board; motion passed 4-0.

REGULAR CALENDAR
(Continued)

6. STATUS REPORT ON CHIEFS CAHILL AND NELDER'S BENEFIT CALCULATIONS

Clare Murphy, Executive Director, and Maria Newport, Administrator, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

5. REPORT ON ELECTRONIC FUNDS TRANSFER PROJECT

Maria Newport, Administrator, presented an oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

7. FINANCE COMMITTEE REPORT

Commissioner Driscoll reported to the Board the items which were discussed at the Finance Committee meeting.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

This is an information item only; no action was taken.

EXECUTIVE DIRECTOR'S REPORT

Clare Murphy, Executive Director, reported on the following items:

1. Ms. Murphy provided the Board with the Educational Opportunities list.
2. Provided an update on collective bargaining.
3. Reminded the Board regarding the Holiday Party on December 19, 1997 at Charley Brown's Restaurant.
4. The TCW dinner will be held at TJ's Bistro at 555 Golden Gate Avenue tonight.
5. SFERS staff will enroll Airport Police Officers into the plan as San Francisco Police Officers during the following week.
6. Updated the Board on the Fire/Paramedics MOU negotiations.
7. Updated the Board on the outcome of the Proposition C implementation.
8. Updated the Board on the pre-tax buyback detailed description.
9. The Board conveyed Holiday Greetings and a Happy Healthy 1998 to the staff.

ACTUARY'S REPORT

Kieran Murphy, Actuary, reported to the Board the following:

1. Kieran Murphy reported that he, Commissioner Casciato, and Commissioner Driscoll attended a meeting of miscellaneous employees at which time a discussion was held regarding a possible Charter Amendment for the November 1998 ballot to upgrade Tier II Miscellaneous employees to Tier I. Mr. Murphy was asked to look at the approximate costs as to what this might be. Mr. Murphy informed the Board that he will provide these costs at the next Board meeting.
2. Police Officers' Association has a proposed Charter Amendment to upgrade Tier II employees on the November ballot.

3. There may be possible Charter Amendment related to Paramedics.

CITY ATTORNEY'S REPORT

No report was made.

INVESTMENT CALENDAR
(Continued)

3. REPORT ON THE TOWNSEND GROUP COMPENSATION RELATING TO AMB ROLL UP

Commissioner Joseph Driscoll, Carolyn Hamilton, Chief Investment Officer, and Dan Maguire, Deputy City Attorney, presented an oral report to the Board on this item.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: No action was taken.

[Commissioner Martel left the meeting at this time.]

2. DISCUSSION OF ROLES OF REAL ESTATE AND ALTERNATIVE INVESTMENTS WITHIN THE TOTAL PORTFOLIO

Carolyn Hamilton, Chief Investment Officer, Larry Davanzo of Asset Strategy Consulting, Terry Ahern and Frank Blaschka of the Townsend Group and Linda Lynch of Cambridge Associates discussed with the Board the role that both alternative assets and real estate have provided in the past and offer different options for the future.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

ACTION: No action was taken.

4. CHIEF INVESTMENT OFFICER'S REPORT

a. Proxy Votes

There were no proxy votes.

b. Carolyn Hamilton, Chief Investment Officer, reported on the following:

- Discussed the merger of UBS (Union Bank of Switzerland) and SBC (Swiss Bank Corporation). Gary Brinson of Brinson Partners (a subsidiary of SBC) would become Chief Executive Officer of the combined investment management operations.

BOARD MEMBERS

Commissioner Breall discussed the vacancy on the Retirement Board seat and the qualification of the future Board member.

Commissioner Casciato discussed the following items:

1. He requested the schedule of enrollment sessions and a packet of materials that is going to be distributed to the San Francisco Airport police officers.
2. He informed the Board that he will be attending the Institute of International Research's Advisory Board meeting on January 16, 1998 in New York.
3. He requested that an SFERS liaison be appointed to assist and alleviate retirees' frustration in their attempt to contact the Health Service System; Kay Gulbengay was the appointed person.

There being no further business, the Board adjourned its regular meeting at 2:50 p.m.

Respectfully submitted,

Clare M. Murphy
Executive Director